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ABSTRACT

Discussing the related problems of military recruitment and civilian youth unemployment and inadequate education and training, this paper is intended to provide a framework for the consideration and analysis of alternative approaches to these problems. Without offering recommendations, the paper also reports the effects of three prototypical National Service program options which differ in terms of the quantity and type of youth participation, the extent of integration of current programs, and the degree of coercion to serve imposed on youth. Prefaced by a summary of the study, the paper is divided into seven chapters. Chapter 1 introduces the plan of the paper. Military enlistment problems and policies are discussed in chapter 2. Youth problems and programs are discussed in chapter 3. The pattern of competition for youth and the impact of it on ongoing demographic and programmatic changes are presented in chapter 4. In chapter 5, the alternative National Service concepts and options are discussed. Also in this chapter the three alternative prototypical programs (small targeted voluntary, broad-based voluntary, and broad-based mandatory) are described in detail. Finally, in chapter 6 the costs and effects of these three programs are presented. The impact on military enlistment, youth unemployment, education and training, and youth service are also discussed for each option; and the effects of the alternatives on competition and coordination among programs are estimated. Appendixes include procedures and assumptions used to estimate costs of the national service options. (BM)

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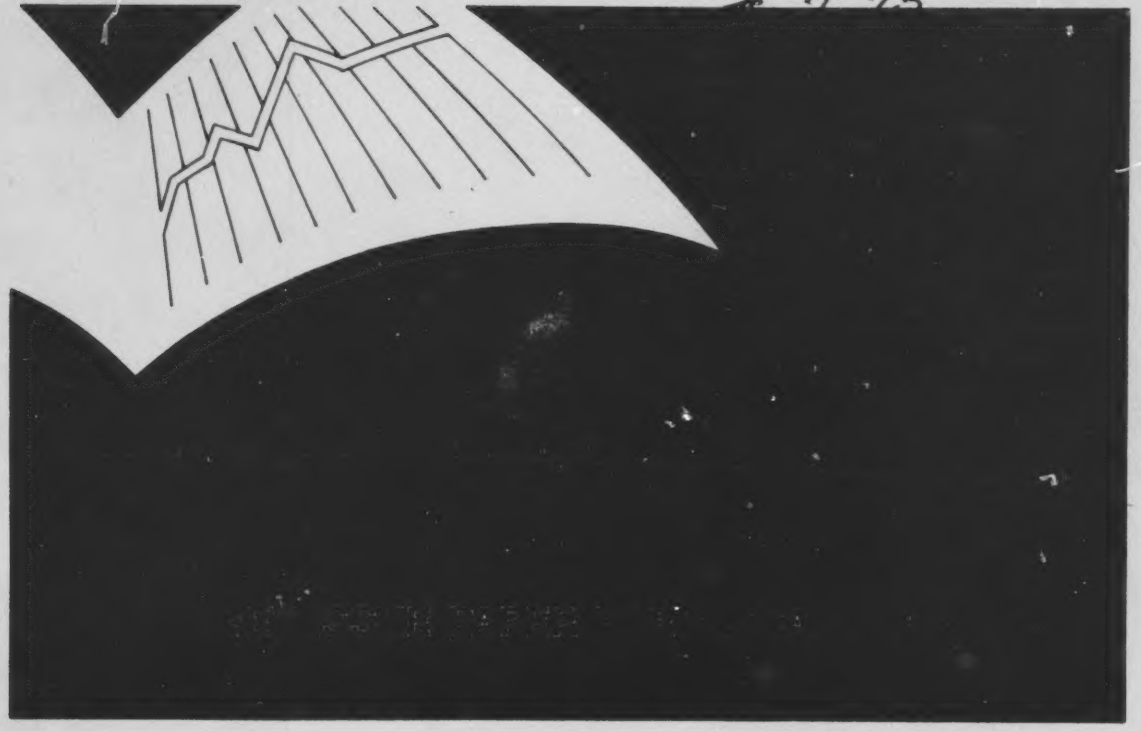

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PREFACE

The related problems of military recruitment and civilian youth unemployment and inadequate education and training have been subjects of growing concern in Congressional deliberations and policy proposals. National Service programs continue to be put forward as a way to deal with this complex of issues. National Service Programs and their Effects on Military Manpower and Civilian Youth Problems is intended to give a framework for the consideration and analysis of alternative approaches to these problems. The study also predicts the effects of three prototypical National Service program options that differ in terms of the quantity and type of youth participation, the extent of integration of current programs, and the degree of coercion to serve imposed on youth. In accordance with CBO's mandate to provide nonpartisan and objective analysis, the paper offers no recommendations.

The paper was prepared at the request of Senator Sam Nunn, Chairman of the Manpower and Personnel Subcommittee of the Senate Armed Services Committee. It was written by Daniel F. Huck and David S. Mundel under the joint supervision of Robert D. Reischauer and John E. Koehler. The authors are grateful for assistance given by their colleagues in CBO's Human Resources and Community Development and National Security and International Affairs Divisions. The authors particularly wish to acknowledge the assistance of Jill Bury and Linda Moll in the production of the manuscript, and Mary R. Boo and Johanna Zacharias who edited it.

Alice M. Rivlin
Director

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SUMMARY

To deal with the complex of interacting youth problems confronting the nation, a wide variety of national service programs have been proposed. National Service has meant different things at different times. In the early 1960s, national service programs were implemented as a way to fulfill the desires of youth for voluntary service and to meet foreign and domestic social needs. [1] As the war in Southeast Asia increased the need for military manpower during the mid-1960s, universal National Service was proposed as a method of military recruitment that would avoid the inequities of the draft. In the late 1960s and early 1970s, National Service was considered as an alternative to extending the draft or implementing the All-Volunteer Force. More recently, National Service has been put forward as a means of dealing with the continuing, severe problem of youth unemployment

CURRENT YOUTH PROBLEMS AND POLICIES

Many issues and problems concerning youth persist. These include: requirements for military manpower, unemployment among teenagers and young adults, unequal and inadequate opportunities for postsecondary education and training, and alienation and lack of social commitment. In response to these problems, a variety of federal programs and policies (which have traditionally been considered separately) have been proposed, implemented, and supported. The armed services rely on youth for most new enlistees, and military recruitment, enlistment, and pay policies are designed to attract qualified young people. Federal education and training programs are shaped to develop employment-related skills and thus improve the employability of young people. Job creation programs--for example, expanded public service employment--have been set in motion to provide work opportunities for otherwise jobless young people. In addition, certain macroeconomic policies increase employment opportunities and reduce the unemployment of youth.

1/ "Youths" encompasses persons between ages 16 and 24.

Difficulties and problems continue to confront each of these policy areas affecting youth.

In spite of the salary increases and changes in military life that accompanied the introduction of the All-Volunteer Force, the armed services (especially the Army and the Reserves) are beginning to experience shortfalls in the enlistment of higher ability, high school graduates. These shortfalls are expected to rise over the next two decades as the total number of high school graduates declines and the economy improves. Expanded recruiting efforts and higher pay or bonuses for enlistees have been proposed to lessen these future shortfalls.

In spite of expanded federal assistance aimed at students from low- and moderate-income families, the likelihood that a high school graduate will enroll in college continues to depend on his family's income level. Proposed expansions of federal student assistance programs are designed to reduce the influence of family characteristics on enrollment chances. Increased federal aid has also been proposed as a means of ensuring that college enrollments remain steady in spite of declines in the youth population.

In spite of improvements in the economy, youth unemployment--especially among minority and other disadvantaged teenagers--remains substantial. Youth continue to suffer from the problems of discrimination and lack of job-related skills. Overall improvements in the economy and declines in the youth population will bring only slight improvements in the employment conditions of youth. The continuing problems of youth unemployment and underemployment have lead to proposals for further expansion of targeted employment and training programs.

THE EFFECTS OF COMPETITION FOR YOUTH ON THE EFFICACY OF YOUTH PROGRAMS

Youth are not only a target group for each of the various federal youth programs; they are also a limited and changing resource. Youth programs interact and even compete with one another. Declines in the youth population--especially such segments of it as high school graduates--will heighten the competition for youth participants among various activities. For example, policies that stimulate the private economy will lower youth unemployment, and programs that increase educational enrollment and attainment levels will improve the future employability of youth. But both of these activities may also diminish the attractiveness of military service to potential enlistees. This competition in turn could push up the costs and weaken the efficacy of federal policies.

At present, most of the demand, and thus most of the competition, is for youth who have completed high school. The military prefers high school graduates to nongraduates because of their lower attrition rate and higher performance levels. Colleges, universities, and private employers share the same preference. These competitive demands result in a more constrained supply of more educated youth. For both whites and nonwhites, the rates of unemployment among youth not enrolled in school are lower for those who are high school graduates. [2]

Changes in the size and character of the youth population are likely to increase the competition among federal and federally supported activities for youth. Overall, the number of 16-19 year olds will decrease from 17.0 million to 13.5 million between 1977 and 1990. Over this same period, the number of 16-24 year olds will drop from 37.0 million to 31.5 million. Eighteen year old high school graduates--the group most highly sought after by military recruiters, private employers of youth, and colleges--will decline by almost 19 percent, from 3.2 to 2.6 million.

As the total youth population declines, and with it the number of high school graduates, it will also become more disadvantaged. The nonwhite proportion of the 16-19 year old population will grow from 15.4 percent to 19.2 percent between 1977 and 1990. The nonwhite proportion of the 16-24 year old population will increase from 14.9 percent to 18.3 percent. In spite of projected improvements in the economy and declines in the overall youth population, these shifts indicate a continuing need for compensatory education, training, and employment programs.

The future competition among youth-oriented activities will also be affected by changes in federal policy and the changing size and character of the activities themselves.

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[2] The term "nonwhites" is used here to include all blacks, native Americans, Asian Americans, and other nonwhites.

Although college and university administrators are apprehensive about the consequences of a declining youth population, in reality actual enrollment levels have been slowly rising in the postsecondary education sector. A major share of these increases are occuring in two-year community colleges, which have traditionally enrolled more students from lower ability and lower socioeconomic status groups than have other types of postsecondary institutions. These expanding enrollments will also tend to lower the relative attractiveness of noncollegiate training programs and military and civilian employment for these youth. Increased amounts of financial assistance for lower-income students will also make colleges possible alternatives for many lower-income youth who would previously have ruled out college attendance.

Noncollegiate education and training programs in which youth represent either much or all of the participants are expanding dramatically. Expansion of these education and employment opportunities will tend to diminish the relative attractiveness of military and civilian employment. The competitiveness of these expansions will be lessened if eligibility is limited to the most disadvantaged youth--that is, those with lower income, ability, and achievement, and who are high school dropouts--who are not attractive to either private employers or the military.

Changes in the success with which youth participate in the labor force will affect the relative attractiveness of civilian employment. Overall, as aggregate unemployment declines, the employment chances of youth should improve over the next five years, and the relative attractiveness of other youth activities should decline.

Ongoing changes in the nature--and benefits--of military service will probably enhance the attractiveness of the military to young people. Higher pay and improvements in the quality of military life will make military service more attractive. Increases in in-service training should improve the armed forces' ability to compete successfully for participants against civilian employment and training opportunities.

THE OPTIONS FOR NATIONAL SERVICE PROGRAMS AND THEIR POSSIBLE COSTS AND EFFECTS

So far, the proposals for National Service programs have ranged from small efforts--basically, expansions of existing voluntary service or employment and training programs--to major integrations of all federal efforts involving youth. Some concepts call for integrating certain elements--for example, recruiting and screening--of all federal youth activities; others involve total integration of programs. Some proposals would involve mandatory service; others are partly coercive in that they make participation voluntary but require registration.

The range of these alternative concepts of National Service can be represented by three prototypical options:

- Small Targeted Voluntary National Service. This option would make small changes in both civilian and military programs. Those changes made would be designed to improve the interactions and linkages among existing programs. This concept stems from the notion that National Service should coexist with current youth policies and programs and should attempt to better coordinate them. It would be national in terms of geographic coverage, but participation would be limited and voluntary. Jobs and education and training opportunities would be targeted toward the most disadvantaged segments of the youth population.

- Broad-Based Voluntary National Service. This concept is consistent with the idea of National Service as a coordinator of youth policies and programs. It would require a fundamental change in the administrative structure and scope of both domestic and military youth programs. The job and training opportunities offered by such programs, would be available to all youth, but service would be voluntary. Registration could be either voluntary or mandatory. Program interactions would be emphasized.

- Broad-Based Compulsory National Service. A program of this design supports the concept that National Service is a vehicle for satisfying a public service obligation. Such a plan would also require fundamental administrative and programmatic changes but its salient characteristic is that service would be compulsory.

Each of the alternative proposals outlined above can be evaluated against several goals. The most important effects appear to be the impacts on military enlistment, youth employment, educational and training opportunities, and the federal budget.

Military Enlistments. The first option--for small, targeted programs--would have few negative effects on military enlistments, because the domestic jobs it would create would be targeted toward disadvantaged youth, who are not prime prospects for the military. Option two--the broad-based voluntary system--on the other hand, could hurt military recruiting if the new domestic jobs attracted youth away from the military. To avoid potential shortages of military enlistees as a result of competition from domestic programs, an enlistment incentive system would have to be carefully structured and a backup draft mechanism established. The third approach--the broad-based mandatory system--poses no threat to military recruiting, since youth would be required to join the National Service and be channeled into the military.

Based on the available evidence, it does not appear that National Service in a form similar to any of the options described here can be justified on military manpower grounds alone. The added costs of implementing any of the options would substantially exceed the value of the benefits to the military in terms of solving their manpower problems.

Youth Employment. The first option would have only a small impact on youth unemployment. About 200,000 public employment service years could be funded against an outstanding full-time employment deficit of roughly 2.5 million youth aged 16-19. But selectively targeting these jobs toward the estimated 800,000 jobless youth from low-income families could substantially relieve the most severe employment difficulties.

Broad-based voluntary service would have a much larger aggregate effect on employment, but it would also have a broader target audience to attract. With all youth aged 16-20 eligible to participate, this option would offer employment for 1.6 million public service years to a youth population numbering 20 million. Since the system would be totally voluntary, it would have the potential for considerable switching from private to public sector employment. This switching would diminish the positive impact on the total youth unemployment rate.

A universal mandatory system, if it were administratively and Constitutionally feasible, could all but eliminate the joblessness for one age group of youth. To insure that all the National Service requirements were met, this would require not only mandatory service on the part of all youth but also strong administrative conrols over their employment opportunities. If these youth opportunities came at the expense of opportunities for other age groups, employment problems might simply be shifted.

Education and Training Opportunities. The extent to which National Service offers remedial training and improvement of skills could prove more valuable in the long run than the simple provision of temporary employment for youth. All three of the options include training and educational opportunity grants. The first in particular emphasizes education and training, since this option is focused on disadvantaged youth. If training opportunities were linked to a requirement for subsequent public service, especially in the military, National Service would integrate potentially competitive activities in a mutually supportive way.

The Federal Budget. The additional budgetary cost of the small voluntary system targeted at disadvantaged youth would be approximately $2.2 billion annually. About half those costs represent the salaries of personnel at the minimum wage ($2.65 per hour). The remainder would be for administration, registration, testing, counselling, and education and training grants.

The cost of the broad-based voluntary option would add approximately $12 billion to the federal budget. Again, youth would be paid the minimum wage and more than three-quarters of the budgetary increment would be used to pay these salaries.

The cost of a mandatory system would be large in comparison to the voluntary options. One whole age group of youth includes almost 4 million males and females. Salaries alone, at the minimum wage, would cost well over $22 billion annually. Administrative and support costs would raise the total incremental budget to $24 billion annually.

The range of effects of National Service proposals are summarized in the following table.

NATIONAL SERVICE OPTIONS: SUMMARY OF EFFECTS

OPTIONS/ EFFECTS	Current Youth Employment	Education and Training Opportunities
Small Targeted Voluntary	Minimal impact on 2.5 million teenage 16-19 year old jobless. If properly targeted, could reduce 800,000 poverty level jobless teenage youth by one-fourth. High turnover and difficulty in finding suitable public jobs for youth raises doubts about program's ability to affect a permanent reduction in youth (16-24) unemployment rate.	Proposed 50,000 education/training grants should improve long-run employment opportunities. However, small scale of program would result in minimal effect on total teenage joblessness. Counselling services offered should improve youth job search skills and labor market information. This would enhance participants' future employment prospects.
Broad-Based Voluntary	Large-scale jobs program, if successful could significantly raise youth labor market participation rates and lower unemployment. High turnover and lack of suitable jobs raises doubts about program success. Aside from age (16-20), little control over who volunteers, can result in private- to public-sector job switching and "fiscal substitution," resulting in reduced effect on youth unemployment.	Similar benefits as in Small Targeted for counselling and grants program. Large-scale job opportunities may lessen youth participation in education and training, which would tend to limit their long-term employment prospects.
Broad-Based Mandatory	Massive jobs program would have larger employment impact on youth than voluntary systems. Significant legal and Constitutional problems with coerced domestic service.	Highly uncertain effects on education and training sectors. Deferment policies could encourage school attendance to delay National Service obligation. Baring deferments would create a massive disruption in education system and probably lower long-term employment prospects of many youth.

(Continued)

SUMMARY TABLE (Continued)

OPTIONS/ EFFECTS	Military Manpower	Competition for Youth
Small Targeted Voluntary	If domestic programs targeted at disadvantaged youth and given the small scale of the jobs program, should have minimal negative impact on military enlistments. National registration and testing should provide valuable leads to military recruiters. Linking trainee output of domestic activities to reserves should be a positive benefit to military.	Small scale and selective targeting of domestic programs should minimize adverse competition with military. Some possibility of competition for the more capable male non-high school graduates.
Broad-Based Voluntary	Net effects on active and reserve enlistments highly uncertain. Positive benefits of registration and testing can be negated by loss of volunteers to large-scale, non-targeted, domestic programs.	Lack of targeting greatly increases prospects for adverse competition. Expanding domestic programs in the face of a shrinking youth population could exacerbate future military recruiting difficulties.
Broad-Based Mandatory	Assures adequate supply of military manpower and would resolve reserve force manning problems.	The need to place upwards of 3 million youth in jobs could create competition in other labor markets and drive up unemployment rates for older workers.

(Continued)

SUMMARY TABLE (Continued)

OPTIONS/ EFFECTS	Administrative Changes	Federal Budgetary Changes (Dollars in Millions)	
Small Targeted Voluntary	Initiates national registration, ability and assessment testing, and counselling. Maintains organizational autonomy, but stresses greater policy and program coordination among agencies. Overall, minimal change in current administrative arrangements	Registration Testing Counselling Employment Educ./Training Grants Total Increase	6 10 425 1,400 325 2,166
Broad-Based Voluntary	Economies of scale probably justify combining some agencies such as CETA and ESA and civilianizing the military enlistment processing command. Establishment of a National Service organization essential to manage large-scale job effort. Backup draft mechanism essential to insure inductions could be quickly supplied to military if domestic programs drew off too many potential military volunteers.	Registration Testing Counselling Employment Educ./Training Grants Total Increase	6 27 425 10,000 1,300 11,758
Broad-Based Mandatory	Economies of scale and mandatory nature of program justify combining many elements of various federal agencies such as DoL, DoD, HEW, into a National Service organization.	Registration Testing Counselling Employment Educ./Training Grants Total Increase	6 65 425 23,000 0 23,496

CHAPTER 1. INTRODUCTION AND PLAN OF THE PAPER

The recruitment problems of the armed services, the problems of civilian youth unemployment, and the problems of unequal and inadequate education and training opportunities for youth have all received extensive political and budgetary attention. 1/ That these sets of problems appear to be worsening simultaneously is, at least at first glance, paradoxical. The attractiveness of the armed services--an institution offering paid employment, education, and training--appears to be low at the same time as civilian employment and training opportunities for youth are scarce and the costs of higher education are on the rise. 2/

Various attempts to solve military recruitment problems have been made. With the advent of the All-Volunteer Force (AVF), military salaries have risen substantially; working conditions have improved; recruiting and advertising efforts have been stepped up; and training opportunities have been expanded. Yet the enlistment problems confronting the military remain significant. These changes have coincided with an increase in the defense manpower budget of $20 billion since fiscal year 1971, but the increases cannot be ascribed solely to the conversion to an AVF. The expanded pool of retired annuitants, the desire to maintain wage comparability with the civilian sector, and inflation are three major causes of these increases. Military enlistment problems and policies are discussed in Chapter II of this paper.

1/ See Congressional Budget Office, The Costs of Defense Manpower: Issues for 1977, Budget Issue Paper (January 1977); Richard V. L. Cooper, Military Manpower and the All-Volunteer Force, (Santa Monica, California: RAND Corporation, September 1977); and Robert L. Goldich, Military Manpower Policies and the All-Volunteer Force, Congressional Research Service, Issue Brief IB77032 (August 3, 1977). See also, CBO, Budget Options for Youth Employment Problem (March 1977), and Policy Options for the Teenage Unemployment Problem (September 1976).

2/ Throughout this paper, the term "youth" generally indicates persons between the ages of 16 and 24.

The problems of youth unemployment and inadequate education and training have been addressed with new youth employment activities, modification and expansion of existing jobs programs, and the appropriation of additional federal funds aimed at increasing enrollments in postsecondary education and training programs. The budget for youth employment, training, and education has grown substantially, but the level of youth problems remains high. Domestic and foreign voluntary service programs have been implemented to provide opportunities for social commitment and service. Youth problems and programs are discussed in Chapter III.

Youth represent not only a target group for public concern and attention but also a resource for public and private service. Almost all new entrants to the armed services come from the youth population, and the quantity and quality of alternatives available to potential enlistees affect the eventual quality and cost of military manpower. Youths make up most of the first-time entrants to the labor force; their quality and numbers influence the potential labor force available to public and private employers. Teenagers and young adults are also the principal source of demand for the services of the nation's colleges and universities.

Consequently, public and private activities and programs compete for scarce numbers of qualified youth. Policies that stimulate the private economy will lessen youth unemployment, and programs that increase educational enrollment and attainment levels will improve future employability. But both of these activities may also cut into the attractiveness of the military to potential enlistees. This diminution could yield a number of results: a smaller military; a different and perhaps lower quality of military manpower as the services expand their eligibility pool in order to maintain enlistment numbers; or higher military manpower costs as the services increase pay levels and training opportunities to compete successfully for qualified youth. The pattern of competition for youth and the impact on it of ongoing demographic and programmatic changes are discussed in Chapter IV.

Many different National Service proposals have been based on military enlistment difficulties and civilian youth problems and the limited effectiveness of current efforts aimed at them. National Service has been proposed as a mechanism for expanding and improving current program practices; as a vehicle for implementing new forms of youth activities; and as a means of improving coordination among potentially competitive youth policies. In Chapter V, the alternative National Service concepts and options are discused and three alternative prototypical programs are described in detail.

In Chapter VI, the costs and effects of these three representative National Service programs are presented. For each option, the impact on military enlistment, youth unemployment, education and training, and youth service is discussed. The effects of the alternatives on competition and coordination among programs are also estimated.

CHAPTER II. MILITARY MANPOWER POLICY: PROBLEMS AND ISSUES RELEVANT TO NATIONAL SERVICE

Any National Service plan must take into account the manpower needs of the military services. A sizable segment of the youth population is on active military duty; 13 percent of white and 20 percent of nonwhite males aged 17-24 participate. In total, the Department of Defense is responsible for almost 4 million personnel, including active and selected reserve military as well as civilians. Excluding any funds set aside for retirement, the cost of paying and supporting these personnel will reach roughly $52 billion in fiscal year 1978. 1/ Of primary concern here are the programs and policies that deal with the enlisted portion of defense manpower, constituting 2.5 million, or 63 percent of total manpower, 2/ and costing $26 billion, or one-half the defense manpower budget. 3/

This chapter addresses the manpower policies pursued by the Defense Department to sustain an all-volunteer military and the problems associated with those policies. The pertinent issues raised point to the need for a fundamental change in current policies and to the need to examine National Service as an alternative to the all-volunteer military.

1/ Department of Defense, Manpower Requirements Report for FY 1978 (March 1977), p. XV-11.

2/ Department of Defense, Selected Manpower Statistics (May 1977), p. 24; Department of Defense, Official Guard and Reserve Manpower Strengths and Statistics (June 1977), p. 5.

3/ Estimated from Department of Defense, Manpower Requirements Report for FY 1978. The $26 billion figure excludes civilian pay, retirement, and 20 percent of other manpower costs attributed to officers.

CURRENT MILITARY MANPOWER POLICY FOR NEW RECRUITS

While there are numerous defense policy areas that should be explored before any decision is made about National Service, military recruitment, training, and compensation appear to be three of the most important.

Recruitment Policy

Because of the rigorous physical demands of military life, DoD maintains a relatively youthful work force. The median ages for active duty and selected reserve enlisted military personnel are approximately 24 and 28 years, respectively. 4/ The corresponding median for the male civilian work force is 36 years. 5/ DoD typically recruits its personnel at about the time they graduate from high school. The mean age of new active duty enlisted accessions is about 18.6 years; their average stay in the services is about five years. 6/

To sustain its active and selected reserve enlisted forces, DoD intends to recruit 670,000 enlistees annually at a cost of approximately $700 million. These funds include approximately $450 million to support and pay for 16,000 recruiters, an advertising budget of $125 million, $75 million in enlistment bonuses, and $53 million to handle pre-enlistment examinations. 7/ The

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4/ Department of Defense, Selected Manpower Statistics, p. 41. Defense Manpower Data Center tabulations for active duty enlisted age. Reserve age obtained from Office of Deputy Assistant Secretary of Defense (Reserve Affairs), Official Guard and Reserve Manpower Strengths and Statistics (August 1977).

5/ Estimated from Employment and Training Report of the President, 1977, p. 158.

6/ Defense Manpower Data Center, AFEES survey for age; time in service estimated from DoD turnover rates.

7/ Assistant Secretary of Defense, Manpower, Reserve Affairs and Logistics; based on fiscal year 1978 President's Budget Request.

primary target of these recruiting resources is the high school graduate with above average mental ability. DoD has found that attrition before their expiration of the normal term of service is twice as high for non-high school graduates as for graduates. As a practical matter, DoD is subject to supply restrictions in the youth population; currently only about 69 percent of new recruits have at least a high school diploma. 8/

The benefits of recruiting high school graduates result primarily from the avoidance of costs to train replacements and the assumed, but often difficult-to-measure, improvement in productivity of the enlisted force. These benefits are offset, however, by the higher cost of recruiting graduates. Because the military is rejecting nongraduate applicants, their marginal recruiting cost is effectively zero; the cost of recruiting one male graduate of above-average mental ability was estimated at $5,500 in a separate Congressional Budget Office analysis. 9/

Training Policies

In fiscal year 1977, DoD spent about $3 billion for entry-level training, for an average cost of about $6,000 per enlistee. 10/ Most of these entry level training resources were used to train almost 500,000 active and reserve enlisted personnel in more than 850 courses offered by the four services. 11/

8/ Results for fiscal year 1977 from Department of Defense news release, November 15, 1977.

9/ Congressional Budget Office, The Costs of Defense Manpower: Issues for 1977, Budget Issue Paper (January 1977), p. 45. No comparable estimate is available for reserve enlistments.

10/ Ibid., p. 18.

11/ Department of Defense, Military Manpower Training Report for FY 1977 (March 1976), p. V-4. Figure refers to resulting output from enlisted initial skill training.

The relative proportion of new recruits who complete training successfully is, in part, a measure of the success of the recruiting force in selecting applicants and matching them to a particular type of training and to military life in general. Currently, about 14 percent of enlisted active duty recruits fail to complete training; DoD believes this figure could be reduced by increasing the proportion who are high school graduates. 12/

Training programs are also a vehicle for improving the yield of the military's recruitment efforts. Surveys conducted by the Department of Defense support the contention that education and training opportunities have a strong appeal to youth. 13/ DoD has attempted to capitalize on this appeal through educational incentives such as the new GI Bill and the Community College of the Air Force. 14/ Training and education are important to youth because they tend to enhance their future marketability and potential earnings in the civilian labor market.

Compensation Policy

Income--both wages and benefits--is also an important reason for enlistment in the Armed Services. Entry basic pay for new active duty recruits is set at approximately the minimum wage of about $2.30 an hour or $400 a month. Average pay during the first year of service is about $2.50 an hour, or

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12/ Based on estimates from the Office of the Secretary of Defense.

13/ For example, see Market Facts, Youth Attitude Tracking Study, prepared for the Department of Defense (January 1977). The attractiveness of these education and training opportunities applies to both active and reserve applicants.

14/ A description of those programs can be found in FY 1978 Authorization for Military Procurement, Research and Development and Active Duty and Reserve and Civilian Personnel Strengths, Committee on Armed Services, U.S. Senate, Part 3, Manpower and Personnel, p. 1,743.

about $5,200 a year. 15/ This is 6 percent less than the minimum wage of $2.65 per hour beginning January 1978, and 17 percent below the estimated median hourly wage of $3.00 paid youth age 16-19 working full time. 16/

New military personnel also receive housing and food at no cost. The cash value of these benefits is approximately $2,000 per year (including the benefits resulting from their tax-free nature), raising the effective hourly wage to approximately $3.50. Since youth completing high school and entering the private labor market often receive support from their parents in the form of food and housing while they are still family members, the cash income of new recruits and youth in the private sector are similar. 17/ In most instances, pay received by youth in federally supported Comprehensive Employment and Training Act (CETA) programs (except the Job Corps) is comparable, with a salary set at the minimum wage.

15/ This figure is based upon October 1977 pay scales and an assumed average grade of E1.75 during the first year of service. This annual pay varies by service and occupation when differences in promotion rates and the availability of bonuses are considered. For example, the average cash payment for a new enlistee in the first year is about 5 percent lower in the Air Force than the Army. This disparity results from a higher promotion rate and the payment of enlistment bonuses in the Army (about 8 percent of Army non-prior service enlistments received a bonus, typically $2,500).

16/ Unpublished data from Department of Labor, Bureau of Labor Statistics and Bureau of Labor Statistcs, Weekly and Hourly Earnings Data from the Current Population Survey, Special Labor Force Report #195 (1977).

17/ This conclusion is consistent with a recent RAND Corporation study which found that the age-income profile of enlisted personnel was similar to the age-income profile for white civilian high school graduates over their first 20 years. This comparison used military RMC (that is, basic pay, quarters, subsistence, and tax advantage) excluding retirement. See: R. Cooper, Military Manpower and the All-Volunteer Force, p. 369.

PROBLEMS IN PURSUING CURRENT DEFENSE MANPOWER POLICY

One of the major challenges confronting the armed services is filling their requirements for manpower. The active and selected reserve forces need about 650,000 youth annually as replacements for losses. This does not include requirements for additional personnel to man new units or augment existing ones in the event of a national emergency. The vast majority of new entrants are between the ages of 17 and 21, and over half the enlisted active and selected reserve personnel are under age 26. Changes in the youth marketplace can have a more immediate and decisive effect on the military services under the all-volunteer system than under its predecessor, the draft.

The historical pre-eminence of young adults in the military services, coupled with the more recent decision to convert to a strictly voluntary system, has created some unique manpower problems and challenges, principally in the area of recruiting and retention. 18/

Active Force Recruiting and Retention Problems

The active force appears to be experiencing only minimal recruiting problems at the present time. Although DoD recruited 8,000 fewer personnel and had an end-strength 10,000 short of its objectives for fiscal year 1977, the failure to attain

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18/ A number of these defense manpower problems, the options available to resolve them, and their attendant costs, have been addressed in detail by CBO in an earlier paper. See Congressional Budget Office, The Costs of Defense Manpower: Issues for 1977, Budget Issue Paper (January 1977). See also, R. Cooper, Military Manpower and the All-Volunteer Force; Robert L. Goldich, Manpower Policies and the All-Volunteer Force, Congressional Research Service, Issue Brief IB77032 (August 3, 1977); and William R. King, Achieving America's Goals: National Service or the All-Volunteer Force, a study for the Committee on Armed Services, U.S. Senate (February 1977).

these objectives appears to be due to management actions and not necessarily to a constricted supply of qualified applicants. 19/

The long-term outlook for volunteer enlistments is not very encouraging, however, primarily because of the projected decline in the youth population and possible improvements in youth employment. 20/ By 1985, there will be 16 percent fewer 18 year olds graduating from high school than at present, and the decline could be even greater in the years beyond. 21/ While the population decline in this age group will not begin until 1980, it is certain to make recruiting for both the active and reserve forces more difficult and costly in the future.

The future supply of preferred volunteers (that is, male high school graduates with average or above average mental ability) is expected to decline. Grissmer and Kim estimate that the decline in these preferred, supply-limited recruits, will range from 15 to 32 percent between now and 1990. 22/ In another econometric study of enlistment supply, Huck and Allen estimate a 16 percent decline for a similar group between now and 1985. 23/ Cooper's recent study of the all-volunteer force does

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19/ Source: "Military Manpower Strength Assessment and Recruiting Results for Fiscal Year 1977," DoD news release 525-77 (November 15, 1977).

20/ The contention that the current high level of youth unemployment is likely to recede as the economy improves and the youth population declines is not axiomatic, however. For a discussion of this issue see: forthcoming Congressional Budget Office background paper on youth unemployment, prospects and policies.

21/ See p. 41 and ff for a fuller discussion of youth population trends.

22/ David Grissmer and Kwan Kim, DoD and Navy Manpower Supply Scenario Through 2000, Mathtech, Inc. (June 1977), p. 70.

23/ Daniel Huck and Jerry Allen, Sustaining Volunteer Enlistments in the Decade Ahead: The Effect of Declining Population and Unemployment (Draft Final Report), General Research Corporation (September 1977), pp. 11-12.

not provide numerical estimates of enlistment supply, but, based on econometric modeling work, states:

> ... enlistment supply will probably not be sufficient to meet the Services' stated accession requirements unless unemployment remains at high levels or unless the Services reduce their quality standards. Even at the moderate unemployment level of 13.5 percent (moderate as compared with the previous unemployment history for 18 to 19 year old males), enlistment supply is insufficient to meet the Services' stated accession demands during the late 1980s and early 1990s. 24/

Cooper points out, however, that "the analysis shows that enlistment supply is indeed sufficient to provide the military services with enough enlisted manpower if the services adjust their NPS (non-prior service) male accession requirements to a level that would seem to be appropriate for the volunteer environment." [But] "...the future of the volunteer force is likely to depend on whether the services make this adjustment, and on how soon they do so." 25/

Using techniques similar to those of Grissmer, Huck, and Cooper, Nelson and Hale in a 1977 Congressional Budget Office report concluded that a 20-35 percent decline in these prime recruiting candidates was possible between 1976 and 1985. 26/

The enlistment supply projections of the 1977 Congressional Budget Office (CBO) report were updated using July 1977 CBO economic forecast data and compared to non-prior service enlistment requirements stated by the services at that time. The projections (see Table 1) continue to show a large gap between supply and demand.

24/ R. Cooper, Military Manpower and the All-Volunteer Force, p. 192.

25/ Ibid., p. 193.

26/ The Costs of Defense Manpower, p. 39.

TABLE 1. FORECAST OF DoD QUALITY ENLISTMENTS: MALE DIPLOMA GRADUATES, MENTAL GROUP I-III, THROUGH 1985; NUMBERS IN THOUSANDS a/

	DoD Stated Requirements b/	CBO Supply Estimate	Estimated Percent Shortfall
1977	226	215	- 5
1978	227	209	- 8
1979	235	203	-14
1980	236	193	-18
1981	233	182	-22
1982	226	171	-24
1983	241	160	-34
1984	234 c/	153	-35
1985	234 c/	149	-36

a/ In generating these projections, CBO assumed that military pay will not be able to keep pace with comparable civilian manufacturing wages, that youth unemployment rates will decline significantly over the next several years, and that the population of high school graduates will decline as projected by HEW.

b/ DoD states its male high school graduate requirements in terms of Mental Groups (M.G.) I-IV. To produce comparable figures from M.G. I-III, 30,000 M.G. IV were assumed as the number to be recruited in the future, since 8 percent of current NPS enlistments are male diploma graduates in M.G. IV.

c/ Represents average for 1980-83, since actual projections are not available from DoD.

A factor contributing to the recruitment problems of both the active and reserve forces has been an attrition rate higher than anticipated. The 1970 President's Commission on the All-Volunteer Force (Gates Commission) projected that average turnover in the enlisted active duty force would be approximately 15 percent annually by the late 1970s under a volunteer system.

Unfortunately, actual and currently projected turnover rates have been significantly higher than the commission projections (see Table 2). 27/

TABLE 2. DoD ENLISTED ACTIVE DUTY TURNOVER

Period		Turnover Rate (percent)
1963-1965	Pre-Vietnam	20.2
1966-1971	Vietnam Peak	28.5
1972-1973	Vietnam Phaseout	22.8
1974-1976	AVF Transitions	22.6
1978-1983	DoD Projections	23.4

High attrition affects accession requirements. The difference between turnover projection of the Gates commission (15 percent) and that currently projected by DoD (23 percent) amounts to a 145,000 difference in accession requirements to sustain the current enlisted strength of approximately 1.8 million. Even a return to the pre-Vietnam turnover rate (20.2 percent) would reduce these accession requirements by approximately 50,000.

There is some reason to believe that the growth in attrition, and primarily attrition during the first term of service, can be attributed to changes in DoD's administrative policies and practices. Tighter control on trainee and post-trainee discharge programs would undoubtedly bring some reduction in the attrition rate. To encourage tighter controls, DoD has recently established enlisted first-term attrition objectives intended to reduce turnover administratively to 23 percent over the first three years of service for high school graduates and to 44 percent for non-high school graduates. If successful, this effort should reduce first-term attrition from the current rate of 35 percent to about 30 percent by 1981.

27/ These projections and the analysis by the Gates commission were discussed in The Costs of Defense Manpower, pp. 23-31.

To some extent, the turnover rate in the enlisted force reflects the job turnover rate in the civilian population. The Department of Labor estimates that 28 percent of the 18-24 year old employed civilian population changed jobs in 1975. These job mobility rates decrease with age and average only 6 percent for those aged 45 and above. 28/ Since the median age of the enlisted rank is 24 years, the aggregate annual turnover rate of 23 percent projected by DoD is comparable to the job turnover rate for a similar age distribution in the civilian sector.

To reduce attrition, the services have emphasized the recruitment of high school graduates, but this strategy appears to have limited future potential, given the diminishing market of high school graduates projected over the next decade and beyond. Although the cost-effectiveness of various recruitment and retention strategies is not always easy to estimate, they have clear budget implications. An attempt to increase the recruitment of high school graduates in a diminishing market will drive up the costs of recruiting and enlistment incentives.

Reserve and Guard Recruiting and Retention Problems

DoD has stated that the most serious challenge facing the AVF is maintenance of the Reserve and Guard strengths. The transition to a smaller active duty volunteer force and the advent of "total force" manpower planning has placed the Reserve and Guard in a more critical strategic role in the event of a national emergency. 29/ Contingency planning which calls for rapid activation and deployment of some Reserve/Guard units and individuals has focused increased attention on the need to improve readiness, especially by bringing units up to authorized strengths. 30/ In September 1977 the total selected reserve

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28/ Anne McDougall Young, "Work Experience of the Population, 1975," as reported in Department of Labor, Bureau of Labor Statistcs, Monthly Labor Review (November 1976), pp. 49-50.

29/ Annual Defense Department Report, Fiscal Year 1978, p. 301.

30/ For a detailed discussion, see the forthcoming Congressional Budget Office report on improving readiness of the Army reserve components.

strengths were approximately 7 percent below the levels authorized by the Congress. The largest gaps between authorized and actual strength exist in the Army's national guard and reserve units, where shortfalls are 10 and 12 percent respectively. These percentage shortages are based upon authorized strengths that have been reduced over the past several years. For example, the current strength of the Army selected reserve is 190,000, 27 percent below the fiscal year 1972 authorized strength level. 31/

Most of the decline in selected reserve strength can be attributed to the elimination of the draft, which was a strong incentive for males to enlist in the Reserve or Guard. The inability of the Selected Reserve to recruit sufficient non-prior-service (NPS) male volunteers has resulted in recruitment and enlistment of larger numbers of females and prior-service personnel. The ratio of non-prior-service to prior-service recruitment changed from 68:32 in fiscal year 1970 to 36:64 in fiscal year 1976. Recruitment of women was almost nonexistent in 1970, but almost 20 percent of the non-prior-service accessions to the Selected Reserve are now female. 32/

An even more severe decline has occurred in the Individual Ready Reserve (IRR). The pool of trained personnel in the IRR has dropped from a peak of approximately 1.6 million to in 1972 to 0.4 million today. 33/ Under current policy, further declines are expected, although at a much slower pace, through the 1980s. A viable IRR is important because it is the source of trained personnel to bring reserve units up to wartime strength and a source of individual replacements under a full mobilization. The IRR is made up almost totally of those former active duty personnel completing the balance of their six-year Military Service Obligation (MSO). Declines in the IRR result from a combination of factors, but the most important is probably

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31/ Department of Defense news release, November 15, 1977.

32/ Robert Goldich, Reserve Recruiting and Retention in an All-Volunteer Force Environment, Congressional Research Service (January 1977), pp. 1-8.

33/ Ibid, Table 19. The IRR is part of the Ready Reserve, as is the Selected Reserve. Those in the IRR, however, are not organized into units and do not engage in weekend training like their Selected Reserve counterparts.

the reduction in enlisted active duty end-strength from a peak of 3.1 million in 1968 to its current level of approximately 1.8 million. Other causes for the decline in the IRR include longer active-duty tours, which reduce the remaining share of the six-year MSO that can be served in the reserves; increased attrition in the active forces, where early discharges for unsuitability and unfitness remove the obligation for further service in some form of reserve status; and the aggressive recruiting of prior-service personnel to fill shortages in the Selected Reserve and Active forces.

As in the Active force, a contributing factor to the problem of maintenance of Selected Reserve strength is high turnover in units. In the Army Selected Enlisted Reserve, for example, turnover averages 35 percent annually. Further, less than a third of those who enter as non-prior-service Army Selected Reserve enlistments successfully complete their first six-year term. NPS losses in the sixth year of service, the point at which most draft-induced volunteers complete their first enlistment, have been extremely high, with 70 percent failing to reenlist or extend. 34/

There is some evidence that this severe attrition problem will ease somewhat as the residual draft-motivated volunteers complete their selected reserve obligations and the volunteers not motivated by the draft manifest better retention behavior as they reach the six-year reenlistment point. If this hypothesis is correct, retention should improve soon.

Another factor contributing to high losses to the Reserve is the significant number of Reserve trainees electing to accept an active duty service obligation. These youth appear to be sampling military service through the Reserves and switching to the active force, if their trial period in the Reserves is successful. No official data are available on this switching (which is counted as attrition losses in the Reserves), but it is

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34/ Loss rates based upon CBO analyses of data from the Defense Department's Reserve Components Common Personnel Data System (RCCPDS) for the 12-month period September 1976 to September 1977.

believed that 20 percent of Reserve trainees later accept an active duty obligation. [35]

The need to man fully all 6,500 Army Guard and Reserve units is a fundamental requirements issue that should be debated along with other proposals to reduce the shortages described here. Sustaining 6,500 units at adequate readiness levels poses not only a difficult manpower supply problem but also a very complex administrative management problem, and simply rebuilding unit strength will not guarantee that Reserves can effectively execute their mission objectives. [36]

DEFENSE MANPOWER ISSUES RELEVANT TO NATIONAL SERVICE

The evidence presented in this chapter and numerous other reports leads to one unmistakable conclusion: substantial changes in defense manpower policies and programs will have to be made over the next decade and beyond to insure an adequate supply of manpower to meet our national security objectives. The substantive issues that the Congress will have to debate revolve around the magnitude and direction of these policy changes as well as their attendant costs.

By fiscal year 1985 manpower costs could be as much as $8 billion more than they are today, even if there is no inflation and no increase in military forces; such large cost increases may threaten the viability of the all-volunteer force. These potentially large increases would result from increases in compensation intended to overcome projected shortages in the enlistment of the preferred male high-school graduates. Changes in accession policies, however, would allow DoD to overcome the projected shortages without large increases in costs. One option is to initiate policies that would eventually reduce the requirements for male high-school graduates. 37/ Recent testimony by Defense officials seems to support this strategy to avoid recruit shortages in the future. The Assistant Secretary of Defense, Manpower, in recent Congressional testimony stated:

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[35] This finding is consistent with a recent survey of 400 Army Reserve respondents, 20 percent of whom said they intended to switch to the active Army before the end of their Reserve enlistment. See Richard Orend and others, Reserve Enlistment Motivation, Human Resources Research Organization (October 1977), p. 30.

[36] For a detailed discussion, see forthcoming Congressional Budget Office report on improving readiness of the Army reserve components.

> We will look hard at opportunities to reduce the requirement for male non-prior-service accessions. Some examples are:
>
> o Reduce first-term attrition.
> o Utilize more women.
> o Substitute more civilians.
> o Increase the ratio of career to first-term service members with increased reenlistments and recruiting of more prior-service personnel.
> o Increase the proportion of longer initial enlistments.
>
> We will also examine the potential to increase the supply of male non-prior-service recruits by:
>
> o Lessening physical standards for enlistment.
> o Lowering minimum aptitude standards.
> o Improving recruiting efficiency. 38/

Because the military services are so heavily dependent upon youth as a source of manpower, implementation of a National Service program is certain to affect military enlistment supply; the real contention is in which direction and by how much.

From a defense manpower perspective, a fundamental issue is whether some form of National Service can ameliorate the

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37/ The Costs of Defense Manpower, pp. XI-XII.

38/ Defense Manpower and the All-Volunteer Force (testimony of Dr. John White, Assistant Secretary of Defense, Manpower), Hearings before the Task Force on National Security and International Affairs of the House Budget Committee, July 12 and 13, 1966, p. 81.

enlistment supply problem for the military in a more cost-effective way than the strategy currently being pursued by DoD. This major issue is addressed in Chapter VI of this report. An examination of DoD manpower problems and the problems of youth in the private sector strongly suggest, at a minimum, the need for a more coherent and coordinated set of youth policies and programs.

It remains to be seen, however, whether some form of National Service is the appropriate vehicle to coordinate and/or control federal programs and policies that affect youth. Whatever the outcome of any debate on the merits of National Service, DoD must take a more active role in the formulation of federal policies toward youth. Future military manpower policy must be formulated with due consideration given to a diminishing youth population, a possible reduction in the high level of youth unemployment and rapid expansion of domestic programs for youth.

Two recent examples demonstrate that federal initiatives outside DoD's immediate sphere of influence can affect military enlistment supply. Congress has recently appropriated funds to more than double the size of the Job Corps program from approximately 21,000 to 44,000 enrollees by the end of fiscal year 1978. 39/ Although it is not widely known, the military has enlisted more than 28,000 Job Corps enrollees over the six year period of fiscal years 1971-1976. 40/ If the military continues to enlist about 20 percent of all Job Corps enrollees, they could obtain 4,000 to 5,000 additional enlistments through expansion of the Corps. Job Corps completors exhibit retention behavior in the military that is considerably better, on average, than non-high school graduates enlisting in the military without Job Corps experience. Data that tend to support this observation are shown in Table 3.

39/ For a discussion of recent developments in youth employment and training programs, see statement of Robert McConnon, Deputy Assistant Secretary for Employment and Training, Hearings before the House Committee on Education and Labor, Subcommittee on Employment Opportunities, November 10, 1977.

40/ Defense Manpower Data Center tabulations.

TABLE 3. COMPARISON OF DoD NON-ETS ATTRITION RATES AS OF JANUARY 1977 FOR VARIOUS GROUPS ENLISTING IN FISCAL YEAR 1975

	Mental Groups				
	I&II	IIIA	IIIB	IV	Total
	(Average attrition rate, expressed as a percent, at the end of two years)				
Job Corps Trainees					
Noncompletors	54.5	53.9	53.8	57.1	54.3
Completors	29.1	31.5	32.1	33.2	31.7
DoD Non-High School Graduates	38.8	42.4	47.2	48.1	44.1
DoD High School Graduates	17.5	21.7	24.5	27.7	21.1

The data support the general notion that youth who experience some form of institutional success have a better chance of successfully completing their terms of military service and represent a better employment risk for the military. Expansion of domestic programs, such as the Job Corps, can offer a lucrative recruiting opportunity for the military. The military could even encourage rejected applicants or dropouts from military service to enter these domestic programs and upgrade their skills and reapply for enlistment at a later date.

The second example of a policy not initiated by DoD but with the potential for substantial effect on enlistment supply is the recent minimum wage legislation. About 80 percent of all wage earners were in industries and businesses covered by the minimum wage law. This law increases the minimum wage by 46 percent from $2.30 an hour in 1977 to $3.35 an hour by January 1981.

A rapid increase in minimum wage can have some positive effect on enlistment supply if the hypothesis is correct that minimum wage increases tend to exacerbate youth employment problems and in turn increase the potential supply of military volunteers. 41/ The more likely net result, however, is a potentially sizable decline in enlistments should military wages fail to maintain a competitive posture with youth wages in both the private sector and domestic federal manpower programs. This conclusion is based on a number of studies that show that changes in the ratio of first-term enlisted pay to civilian wages can have significant effects on military accession rates. 42/

Because military promotion rates have declined rapidly over the past several years, an enlistee's basic pay in the first year has increased slightly more than 4 percent annually over the four-year period 1973-1977. Given the pressure to restrain growth in defense manpower costs, it is very unlikely that military compensation will be allowed to grow at anything near the rate of increase in the minimum wage. If DoD recruiting were incorporated into a National Service Program, entry level wages for both military and domestic programs would probably be set at the federal minimum, resulting in large military pay increases over the next several years.

41/ For a discussion of the possible youth employment effects of minimum wage legislation, see George Iden, Business Conditions, Demography and the Teenage Unemployment Problem, Congressional Budget Office (paper presented before the Southern Economic Association, November 1977).

42/ For a survey of the literature on attempts to model the military enlistment supply phenomenon, see Dorothy Amey and others, Econometric Models of Armed Forces Enlistment Levels, General Research Corporation (October 1976).

CHAPTER III. CIVILIAN YOUTH PROBLEMS AND CURRENT POLICIES

Civilian youth employment problems have lead to calls for more stimulative macroeconomic policies and expanded and changed employment and training activities. Inequalities in educational opportunities and the continued role of postsecondary education in social and economic success have led to proposals for increased federal aid to higher education. Alienation and a lack of social commitment among youth and the desire of the society at large for the services of youth have led to proposals for expanding domestic and foreign service programs. Youth issues and the current federal programs aimed at them have been the focus of National Service proposals.

YOUTH EMPLOYMENT PROBLEMS AND POLICIES

Young people have the same employment problems--unemployment, underemployment, and low wages--as other workers. But the distribution and magnitude of youth employment problems differ significantly from those of older workers. In 1976 the unemployment rate for workers aged 16 to 24 was 14.7 percent compared to 5.5 percent for workers over 24. Youth represented 24 percent (22.9 million) of the labor force but 46 percent of the unemployed (3.4 million out of a total unemployed labor force of 7.3 million). Of those workers who had dropped out of the labor force because they thought they could not get jobs, 29 percent were under age 24; 39 percent of those working part-time but seeking full-time jobs were youth. 1/

1/ For other discussions of the nature of youth employment problems and its causes, see Congressional Budget Office, Policy Options for the Teenage Unemployment Problem, Background Paper No. 13 (September 1976); The Teenage Unemployment Problem: What Are The Options? (October 14, 1976); and a forthcoming CBO report on prospects and policy for youth unemployment.

Youth suffer from both current and future employment problems. In the short run, the income loss due to unemployment, underemployment, and low-paying jobs may prevent them from contributing to their family's income, from establishing independence from their parents, or from financing their participation in education and training activities. In the long run a lack of work experience prevents them from developing skills, good work attitudes and habits, and favorable employment records.

All youth suffer, to some extent, from structural labor market problems--lack of education, skills, experience, lack of proximity to available jobs, and discrimination--but certain groups suffer disproportionately. While "youth" is generally defined as all 16-24 year olds, groups within that population suffer in very different intensities from labor market problems. A principal differentiating factor is the level of educational attainment. Race is also an important determinant of differential labor market success. In general, nonwhite youth are disproportionately in educational attainment groups with higher rates of unemployment.

High School Dropouts. In 1975, 14 percent of all persons aged 16-24 were high school dropouts (see Table 4); their unemployment rate was 25.3 percent. This represented almost 23 percent of all youth unemployment at the time. Nonwhites, who make up 14 percent of the total 16-24 year old population, accounted for 28 percent of this group. The long-run effects of unemployment may be particularly severe for this group because of their lack of education, skills, and experience.

High School Graduates Who Have Not Completed and Are Not Attending a Four-Year College. In 1975, 38 percent of all 16-24 year olds had graduated from high school but had not completed and were not attending a four-year college. Their unemployment rate was 12.9 percent. Forty-three percent of unemployed youth were in this group; 20 percent were nonwhite. This group is composed of youth who are experiencing severe structural problems, as well as those who are having difficulty making a successful transition from school to work.

TABLE 4. EMPLOYMENT EXPERIENCES OF YOUTH (16-24 years old) BY EDUCATIONAL ATTAINMENT, OCTOBER 1975 (Numbers in Thousands)

Group by Educational Attainment	Civilian Noninstitutional Population		Civilian Labor Force		Unemployed Population		Unemployment Rate
	Number	Percent	Number	Percent	Number	Percent	Percent
Not Enrolled in School							
Attended less than 12 years	4,824	14	2,969	14	750	23	25.3
Attended 12-15 years	13,201	38	10,844	50	1,399	43	12.9
Attended 16 or more years	1,373	4	1,290	6	107	3	8.3
Enrolled in School	15,284	44	6,730	31	1,012	31	15.0
Total	34,700	100	21,833	100	3,268	100	15.0

SOURCE: Bureau of Labor Statistics data.

College Graduates. Four percent of all 16-24 year olds had graduated from college in 1975. The unemployment rate for these college graduates was 8.3 percent. Only 3 percent of unemployed youth were in this group; nonwhites represented about 5 percent of the group. To the extent that college graduates can anticipate higher earnings and better employment records because of their greater level of educational attainment, the long-term effects of their unemployment are not as severe as those of non-college graduates.

In-School Youth. Another group of unemployed youth are those currently enrolled in school. In 1975, 44 percent of all 16-24 year olds were in this group. Their unemployment rate was 15.0 percent. Thirty-one percent of unemployed youth were in this group; 15 percent were nonwhite. With better education records, this group may not suffer great employment problems in the long run, but to the extent that they need income to finance their education, the short- and long-term effects of their unemployment are substantial.

In general, less educated and nonwhite youth also experience more underemployment and have lower wages. The median hourly wage of white teenage (16-19 year old) males was $2.48 in May 1976; for nonwhites it was $2.40. The gap was greater for older youth (20-24 year olds): $3.80 for whites and $3.54 for nonwhites. 2/

Youth employment problems are also affected by macroeconomic conditions and demographic trends. When aggregate unemployment is high, younger workers, who have less skill, training, and work experience, are likely to experience higher rates of unemployment. A decline of one percentage point in the overall unemployment rate is associated with a decline of more than one percentage point in the youth unemployment rate. 3/ Declines in the youth population should also result in modest declines in the teenage unemployment rate. 4/

2/ For a fuller discussion of the employment problems of youth, see a forthcoming Congressional Budget Office report on youth unemployment prospects and policies.

3/ Ibid.

4/ Ibid.

Youth Employment and Training Activities

Youth have been an important focus of employment and training policy. Youth under age 22 account for about one-half of the overall federal employment and training effort. About $6.5 billion of the $12.6 billion employment and training appropriations for fiscal year 1977 were spent on youth. This amount funded roughly 880,000 enrollment opportunities for an estimated 2.5 million youth. Nearly one million of these participants were in the Summer Youth Program, however, so the full-year programs had only about 1.5 million participants (see Table 5).

Historically, participants in employment and training programs come disproportionately from disadvantaged groups (see Table 5), more than three-quarters (76 percent) from poor families, 53 percent from minority groups, 59 percent with less than a high school education, and 27 percent cash assistance recipients. These characteristics may change as the Economic Stimulus Appropriations Act and the Youth Employment and Demonstration Projects Act of 1977 are implemented. 5/

5/ The Youth Employment and Demonstration Projects Act has elements of youth service in it. Subpart I of Part C, Youth Incentive Entitlement Pilot Projects, authorizes experimentation with guaranteed part-time jobs for youth. It emphasizes jobs for disadvantaged youth who lack a high school diploma. The act also authorizes the Young Adult Conservation Corps for unemployed youth 16-23. The remaining parts of the act are quite similar to CETA Title I, training services.

TABLE 5. CURRENT YOUTH EMPLOYMENT AND TRAINING EFFORT

Program	Actual Fiscal Year 1977 Budget Authority (dollars in millions)	Estimated Fiscal Year 1977 Average Cost per Service Year (dollars)	Estimated Current Enrollment Opportunities (in thousands)
Comprehensive Employment and Training Act (CETA)			
Title I	1,880	4,000	470
Title II	1,540	7,600	125 a/
Title III	2,204	-	-
National Programs	(699)	4,400	33 d/
Youth Employment Act	(1,000)	6,500	154 a/
Summer Youth	(595)	2,500	240 b/
Title IV	266	9,700	30
Title VI	6,847	8,300	600 a/
Work Incentive Program (WIN)	370	10,800	31
TOTALS	13,107	--	1,683

a/ Projected level of enrollment opportunities to be attained under the Economic Stimulus Appropriations Act of 1977.

b/ Full-year equivalent of 960,000 summer positions.

c/ Assumes that CETA prime sponsors will not reduce proportions of youth in Titles II and VI because funds are now available for youth under Title III.

d/ Includes only Migrants and Farmworkers and Indian Programs.

e/ Fiscal year 1976 data, except for Youth Employment Act assumption, for which no data are available.

TABLE 5. (Continued).

Fiscal Year 1976 Percent of New Participants under Age 22	Estimated Current Enrollment Opportunities for Youth (in thousands)	Assumed Average Duration (in years) e/	Estimated Youth Participants in Current Employment Opportunities (in thousands)
57	268	.37	724
22	28 c/	.52	54
-			
47	16 d/	.18	89
100	154	.50	308
100	240 b/	.25	960
100	30	.45	67
22	132 c/	.55	240
17	5	.35	14
--	883	—	2,456

The employment and training programs are moving toward greater emphasis on lower-income and disadvantaged persons. The targeting of countercyclical public service jobs (CETA, Title VI) and the employment and training activities of the Youth Employment and Demonstration Projects Act support this trend. Increased emphasis on the disadvantaged results from a growing realization that these individuals have significantly worse employment histories and futures; that training (and to some extent employment) programs have greater effects on the employment successes of these disadvantaged individuals; and that targeted public programs are more likely to supplement (rather than replace) private activities. 6/

POSTSECONDARY EDUCATION PROBLEMS AND POLICIES

Inequalities in Educational Opportunity

Postsecondary education contributes to future employment success and is an important vehicle for achieving equality of social, economic, and educational opportunity. Although significant debate has surrounded the issue of whether the economic returns from higher education are declining, most observers agree that postsecondary education increases an individual's chances of economic success. 7/ Studies show that college attendance or completion also contributes to economic and social equality between segments of the population--for example, between black and white Americans, and between children from rich and poor families. 8/

6/ For a further discussion of these factors see Congressional Budget Office, Public Employment and Training Assistance: Alternative Federal Approaches, Budget Issue Paper (February 1977).

7/ See Congressional Budget Office, Postsecondary Education: The Current Federal Role and Alternative Approaches, Budget Issue Paper (February 1977), pp. 4-8.

8/ See Congressional Budget Office, Income Disparities Between Black and White Americans, Background Paper (December 1977).

Predictably, the students least likely to enroll in postsecondary education are low-achieving students from low income families. As income and achievement rise, so do rates of enrollment. For example, less than 50 percent of medium-achievement high school graduates from lower-income families ($0-7,500 annually) went on to postsecondary education, compared to about 70 percent of graduates with similar achievement levels but higher family income (above $15,000) (see Table 6). Lower-income students are also less likely to enroll in higher-priced schools and less likely to complete postsecondary education.

TABLE 6. COLLEGE ENROLLMENT RATES FOR 1972 HIGH SCHOOL SENIORS BY FAMILY INCOME AND HIGH SCHOOL ACHIEVEMENT LEVELS; FALL 1972

Annual Family Income a/ (dollars)	High School Achievement Level b/				All Achievement Levels
	Bottom 30 Percent	Second 20 Percent	Third 30 Percent	Highest 20 Percent	
$0- 7,500	30	41	47	64	45
7,500-10,500	32	48	58	70	53
10,500-15,000	35	49	64	75	59
15,000 and up	47	64	77	86	72
All Incomes	35	50	62	75	57

SOURCE: Compiled by College Entrance Examination Board under contract to the National Center for Education Statistics.

a/ These groupings are approximate.

b/ The achievement measure is computed from rank in class and secondary school grade point average as reported by high school counselor.

Of the group that did not attend school beyond high school, 40 percent said they did not do so for economic reasons (they needed money for themselves or their families, or they had no money for school). This suggests that about 20 percent of all graduating high school seniors (there were approximately 3 million graduates in 1972) were simply priced out of the postsecondary education marketplace.

Completing postsecondary school is another important component of educational opportunity. The rate of completion by enrollees does not seem to vary by race or income, but appears to be higher for students at four-year than at two-year institutions. In a follow-up study of the 1966 freshman class, Alexander Astin found that 66 percent of the entering students at two-year colleges returned for a second year while 78 percent of those entering four-year schools returned. 9/ Because their choice among institutions is limited, a larger percentage of low- and moderate-income students attend schools with lower persistence rates.

Federal Higher Education Policy 10/

In response to inequalities in educational opportunities and to other needs, the federal government spent approximately $14.3 billion on higher education programs in fiscal year 1977. Higher education policy is designed to serve four broad purposes: improving equality of opportunity; easing the financial burdens of families supporting children in college; maintaining the financial viability of higher education institutions and the postsecondary education sector as a whole; and increasing the nation's knowledge and information. Unlike other areas of youth policy, in which federal funds dominate a sector, federal funds

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9/ Alexander Astin, College Dropouts: A National Profile, American Council on Education Research Reports (Washington, D.C., 1972).

10/ For a fuller discussion of federal higher education goals and activities, see Congressional Budget Office, Postsecondary Education: The Current Federal Role and Alternative Approaches (February 1977).

pay for only about 30 percent of the total costs of higher education. [11] Federal expenditures have substantial but not controlling effects on higher education enrollments and costs.

Federal expenditures for higher education are directed to one or more federal objectives. Student assistance programs lower the net cost of college to recipient students and their families. These reductions can increase the likelihood of enrollment, alter the distribution of students among types of institutions, and reduce the financial burdens on students and their families. The effects of these programs--whether they promote equal opportunity or reduce financial burdens--depend in large part on whether or not aid is given to low- and moderate-income students or to middle-income students. Most student assistance programs are targeted toward students from low- and moderate-income families, but they also provide some support to middle-income students.

In recent years increasing levels and proportions of federal higher education resources have been directed toward equality of opportunity, largely in the form of student assistance programs. [12] This trend may continue as concern for educational equality increases and the level of inequality remains sizable. The trend to targeting federal student assistance funds toward students from low- to middle-income families may also continue because the enrollment decisions of these students are more likely to be affected by federal aid. Colleges and universities are likely to be increasingly aggressive in the use of financial aid to maintain enrollment levels as their client group--the overall youth population--declines in size.

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[11] These funds include federal support for research and development conducted by academic institutions; federal support for students provided by the Social Security Administration, the Veterans Administration, and the Department of Health, Education, and Welfare; and tax expenditures.

[12] For a further discussion see Congressional Budget Office, Postsecondary Education: The Current Federal Role and Alternative Approaches (February 1977).

Programs can be linked indirectly with the predominant goals or purposes they serve. Approximately half (51.2 percent, or $7.4 billion) of the fiscal year 1977 support for postsecondary education was directed toward increasing the equality of educational opportunity.

YOUTH COMMITMENT AND SERVICE PROBLEMS AND POLICIES

The Need for Commitment and Service

Military manpower problems, youth unemployment, inequalities in educational opportunities, and the lack of commitment and participation by youth have all prompted changes in current programs and proposals for new activities--for example, National Service. Some argue that such programs should be mounted not because of their service to youth but because the services of youth will benefit society as a whole.

The teenage and young adult years are a major and difficult period of transition and choice. Individuals move rapidly from protective and restrictive institutions--parent-dominated families and administratively-regulated schools--into situations and institutions in which choice is the mode rather than the exception. High rates of attrition from the armed services, frequent switching of jobs within the civilian labor market, high levels of withdrawal from college, and frequent opting out of society are symptoms of transitional difficulties. Evidence of the levels of alienation among youth is sketchy but suggestive of the need for social commitment and service. Almost 48 percent of male college freshmen and 41 percent of females believe that there is little they can do to change the society. 13/ About one in seven youth (15 percent of noncollege, 11 percent of college enrollees) consider themselves to be second-class citizens. 14/ Alienation among disavantaged youth--for example, black teenagers in urban ghettos--is particularly high.

13/ ACE National Norms, Fall 1976.

14/ Daniel Yankelovich, The New Morality--A Profile of American Youth in the Seventies, McGraw (1974).

Federal Voluntary Service Programs

The search for an escape from society or an opportunity to participate successfully in some lifestyle does not always lead to either socially or personally productive involvements. Youth employment and voluntary service programs have been implemented to provide opportunities for productive social participation by youth. National Service proposals that either expand existing opportunities for service or develop new modes of social involvement have been supported on the basis that they will fulfill youth needs for commitment and participation.

Proposed youth programs have also been based on a need for the services of youth. Rural conservation and environmental needs are already being addressed by the Youth Conservation Corps. Some urban needs--for example, decaying neighborhood parks--could be met by youth service programs. Services to the disadvantaged and the elderly could be provided by otherwise unemployed or underemployed youth. In meeting these needs, youth could provide useful service and increase their sense of social participation and contribution.

Domestic Service Programs. Youth participate in four domestic service programs supported by the federal agency for volunteer service, ACTION. These programs are:

- Volunteers in Service to America (VISTA). This program seeks to alleviate the social and economic ills that are a result of poverty in local communities. VISTA uses the services of full-time volunteers who must serve at least one year.
- University Year for ACTION (UYA). A program in which college students serve full-time and receive academic credit for their efforts in community projects that deal with poverty problems.
- Youth Challenge Program (YCP). An opportunity for young people to serve as part-time uncompensated volunteers in projects dealing with poverty problems in local communities.

- National Student Volunteer Program (NSVP). A program in which ACTION provides technical assistance and professional expertise to student volunteers in existing community-based programs dealing with poverty problems.

The total activity level of these programs is small compared to the size of other programs in which youth participate. Funding for these four programs was $28.5 million in fiscal year 1977, only 26 percent of the total ACTION domestic program budget of $109.1 million.

Youth participate in varying degrees in the various domestic service programs. Approximately 40 percent of the volunteers in VISTA are youth, but because all volunteers must be at least 18 years old, only 1.5 percent of VISTA volunteers are teenagers. The majority of the volunteers in the UYA program, which involves college students, are youth; 63 percent are between 16 and 24 years, but only 5.5 percent are teenagers. The Youth Challenge Program is ACTION's largest program in terms of youth participation. Because YCP requires that all volunteers be between the ages of 14 and 21 at the time of initial enrollment, almost all volunteers (95 percent) are youth. NSVP is serviced but not sponsored by ACTION, so there are no reports on the ages of program participants. It is likely, however, that a large majority of the one-half million participants in local community projects are between the ages of 16 and 22.

Women are a majority of the participants in all of the ACTION domestic programs. Women comprise almost two-thirds of the participants in VISTA, 58 percent of the volunteers in UYA, and 53 percent of the volunteers in YCR. More women than men participate in NSVP.

The distribution of volunteers by educational background depends largely on the eligibility requirements of each program. The VISTA program's volunteers are very well-educated; 55 percent have a college degree and only 9 percent have less than a high school education. Virtually all of the volunteers in the UYA program, which is targeted toward college students and administered through the colleges, have at least a high school education or equivalent. More than 90 percent have had some college education at the time of enrollment. Only 9 percent have a high school or technical school background. Youth Challenge program participants are less educated, in part because they are younger and, in many cases, still enrolled in high school. More than 69 percent have less than a high school education, and less than 1 percent have a college degree.

Foreign Civilian Service: The Peace Corps. The Peace Corps program is designed to assist developing countries meet their needs for trained manpower. Programs are designed to combat the problems of poverty, illiteracy, hunger, and disease in local areas through the efforts of full-time volunteers. Most volunteers serve two years after completing a two-month training period. They receive a modest stipend in addition to subsistence living expenses.

Like the ACTION domestic programs, the Peace Corps is small in relation to other programs in which youth participate. Approximately 5,800 volunteers and trainees participated in fiscal year 1977; 58 percent were between the ages of 18 and 25. Only 0.3 percent were under the age of 21. In fiscal year 1977, total funding for the Peace Corps was $80.7 million, or 42.5 percent of the total ACTION budget of $189.8 million.

Unlike the participants in the ACTION domestic programs, the majority (more than 60 percent in fiscal year 1977) of Peace Corps volunteers are men. The participation of women as a percentage of total volunteers has been increasing steadily, however, growing from 30 percent in fiscal year 1970 to almost 40 percent in fiscal year 1977.

Peace Corps volunteers are very well-educated. All have at least a high school education. In fiscal year 1977, only 3.2 percent had not attended school following high school graduation. Almost 75 percent had a college degree.

This high level of educational achievement results from the requirement that each volunteer have abilities and/or educational background qualifying him for a service needed by a developing country. It may also result from the fact that the Peace Corps often has more applicants than volunteer positions and can select the most qualified from a large pool of applicants.

CHAPTER IV. THE COMPETITION FOR YOUTH

New youth policies and programs--including National Service--have been proposed because of the high costs and limited efficacy of current military manpower and civilian youth policies. The performance of military recruitment and enlistment policy is disappointing because in spite of higher salaries and benefits and the increased availability of potential recruits resulting from high civilian unemployment, low enlistment rates and high attrition have left active and reserve units below desired levels of strength. The effects of current employment and training policy are disappointing because youth unemployment remains high (especially among the disadvantaged) and current programs appear to have limited impact on the future employment successes of their participants. The effectiveness of post-secondary policy is disappointing because enrollment probabilities continue to depend substantially on family income in spite of sizable increases in federal funding for higher education student assistance.

The disappointing results of current policy may result from several factors. First, the level of funding may be inadequate to solve the problems at which the policies are aimed. Second, the programs may be improperly conceived and/or poorly implemented and thus, regardless of their level of funding, unlikely to be effective. Third, programs may compete with one another for scarce resources--namely, the youth population itself.

Currently, most of the demand for youth is for those who have completed high school. The military prefers high school graduates to nongraduates because of their lower attrition and higher performance levels. Similarly, private employers prefer high school graduates. Colleges and universities also compete for high school graduates. Federal youth employment and training programs are targeted toward disadvantaged youth and thus enroll substantial numbers of high school dropouts or graduates who have not gone on to college.

These competitive demands result in constrained supply (that is, not employed, not enrolled, and not enlisted) of more educated youth. For both whites and nonwhites, the unemployment rates for youth who are not enrolled in school are lower among the more educated. Non-enrolled white high school dropouts had a 20.6 percent unemployment rate in 1975, while the unemployment rate of high school completers was 10.6 percent (see Table 7). The labor force participation rates were also significantly lower for nongraduates. The competition for high school graduates results in a proportionately lower rate of their availability for the armed services.

TABLE 7. THE SUPPLY OF 17-24 YEAR OLD MALES NOT ENROLLED IN SCHOOL: BY RACE AND EDUCATIONAL ATTAINMENT, 1975

Race	Level of Educational Attainment	Civilian Population (in thousands)	Military Participants (in thousands)	Unemployment Rate (percent)	Civilian Labor Force Participation Rate (percent)
White	less than 12 years	1,592	178	20.6	90.8
	12 years	3,444	628	10.6	97.1
Nonwhite	less than 12 years	396	48	38.2	83.8
	12 years	455	139	21.6	91.0

SOURCE: CBO estimates derived from Bureau of the Census, *Survey of Income and Education*. White and nonwhite are Bureau of the Census classifications.

National Service programs have often been proposed as a method of alleviating the interprogram competition for participants. To evaluate the potential effect of national service on this competition, it is necessary to examine three factors that influence the interactions among youth activities.

- The future size and character of the youth population, which will define the available resources from which programs can draw participants.

- The current patterns of youth participation in military and civilian activities, including the labor force. These patterns will define the nature and extent of interactions among programs and policies. Activities that draw heavily from similar segments of the youth population are more likely to be in competition with one another.

- The future size and character of programs and activities involving youth population. These will affect the nature of the forthcoming competition for youth. Program expansions and redirections will influence interactions and competition.

THE FUTURE SIZE AND CHARACTER OF THE YOUTH POPULATION

Because of changes in the overall birthrate and the pattern of birthrates among demographic groups, the size and character of the youth population will change significantly over the next two decades. Overall, the size of the 16-24 year-old age group will decline substantially. The number of 16-19 year olds will decline from 17.0 million in 1977 to 13.5 million in 1990 (see Table 8). Over the same period, the total number of youth and young adults (16-24 year olds) will decline by almost 15 percent, from 37.0 to 31.5 million.

TABLE 8. TRENDS IN THE YOUTH POPULATION: 1977 TO 1990
NUMBERS IN MILLIONS

Year	16-19 Year Olds	16-24 Year Olds
1977	17.0	37.0
1980	16.7	37.7
1985	14.4	34.9
1990	13.5	31.5

SOURCE: Bureau of the Census, Projections of the Population of the United States: 1977 to 2050, Series II Data (July 1977).

Because of declines in the total number of 18 year olds, the number of 18 year olds who are high school graduates is expected to decline in spite of a projected increase in high school graduation rates. 1/ Between 1977 and 1986 the number will decline from 3.2 million to 2.7 million (see Table 9). If the high school graduation rate remains constant at the projected 1986 rate (75.7 percent), the total number of high school graduates will decline still further to 2.6 million in 1990. The number of nongraduate 18 year olds (some of whom would still be enrolled in high school) is also projected to decline from 1.1 million in 1977 to 0.8 million in 1990.

TABLE 9. PROJECTIONS OF 18 YEAR OLD HIGH SCHOOL GRADUATES AND NONGRADUATES: 1977-1990, NUMBERS IN MILLIONS

Year	Graduates	Nongraduates
1977	3.2	1.1
1980	3.1	1.1
1985	2.7	0.9
1986	2.7	0.9
1990	2.6	0.8

SOURCE: National Center for Education Statistics, Projections of Education Statistics to 1985-1986, CBO estimates for 1987-1990.

1/ The rate of high school completion (the fraction of 18 year olds who are high school graduates) is projected to increase gradually until 1986. In 1977, 74.3 percent of 18 year olds were high school graduates; in 1986 the rate is projected to be 75.7 percent.

Projected Racial Characteristics of the Youth Population

Over the next two decades, the nonwhite proportion of the youth population will increase because birthrates among white families fell earlier and further than did those among nonwhite families. In 1977, the 5.5 million nonwhite 16-24 year olds accounted for 14.9 percent of this age group. By 1990 the nonwhite youth population will grow to 5.8 million but will account for 18.3 percent of the 16-24 year olds (see Table 10). The same trend is present for the teenage population. In 1977, nonwhites accounted for 15.4 percent of the teenage population (2.6 million). By 1990, the total nonwhite teenage population will be approximately the same but will account for 19.2 percent of the total number of teenagers.

TABLE 10. PROJECTIONS OF THE YOUTH AND TEENAGE POPULATION BY RACE: 1977-1990; NUMBERS IN MILLIONS AND PERCENT OF YOUTH BY AGE GROUPS

	16-19 Year Olds		16-24 Year Olds	
Year	Number Nonwhite	Nonwhites as a Percent of Total	Number Nonwhite	Nonwhites as a Percent of Total
1977	2.6	15.4%	5.5	14.9%
1980	2.7	16.0	5.8	15.5
1985	2.5	17.5	5.8	16.8
1990	2.6	19.2	5.8	18.3

SOURCE: Bureau of the Census, Projections of the Population of the United States: 1977 to 2050, Series II Data (July 1977).

Projected Social and Economic Status of the Youth Population

Another indicator of the changing character of the youth population is the changing proportion of youth growing up in families in which the head is a high school graduate. The rates of high school graduation and the proportion of the adult population who are high school graduates have increased steadily. But because of earlier and larger declines in the birthrates of more educated families, the proportion of children growing up in more educated families is not increasing steadily; it will in fact decline over the next four to six years before beginning to increase. In 1976, 68.1 percent of 18 year olds were in families in which the head had at least a high school education. This proportion will drop to 62.3 percent by 1981 but increase to 69.6 percent by 1990 (see Table 11).

TABLE 11. PROPORTIONS OF 18 YEAR OLD POPULATION FROM FAMILIES IN WHICH FAMILY HEAD HAS COMPLETED HIGH SCHOOL: 1976-1990

Year	Proportion With Head Who Is High School Graduate
1976	68.1
1980	64.3
1985	66.4
1990	69.6

SOURCE: CBO projections based on Bureau of the Census, Survey of Income and Education, 1976. Projections assume that no family head who had a child in 1975 and who was not a high school graduate will receive a high school degree in the future.

Implications of the Future Changes in the Character and Size of the Youth Population

Changes in the size and character of the youth population will affect youth programs in many ways. The decreasing number of youth will cause youth activities to decline in size, expand their recruitment of participants from other age groups or other segments of the youth population, or compete more actively for participants. Because various youth activities do not rely equally on youth or subgroups of the youth population for their participants and because the pattern of declines within the youth population will be uneven, the changing size and character of the youth population will affect different activities differently. Therefore, disaggregated projections may indicate where the competition for youth is likely to be the strongest and the weakest.

The implications of the trends in racial characteristics and parental educational status are similar. Until the mid to late 1980s, the youth population is likely to become increasingly disadvantaged while becoming smaller in the aggregate. The high school graduation rates of nonwhites have traditionally been lower than those of whites and the number and proportion of the youth population who have graduated from high school may thus be lower than that projected above (Table 9). Public employers (including the military), private employers, and colleges and universities will compete for a decreasing number of high school graduates. A large number of disadvantaged youth will continue to need the services of compensatory employment and training programs. The tight supply of more advantaged youth may cause the military, private employers, and colleges and universities to expand their eligible populations and offerings and thus increase the opportunities they offer to disadvantaged youth. Alternatively, they may simply allocate increasing resources to compete for the increasingly scarce supply of youth with whom they have traditionally dealt. They may also expand their recruiting efforts to older age groups through expanded military enlistment and reenlistment of 25 to 30 year olds, and expansions of opportunities for "life-long learning" within colleges and universities.

CURRENT PATTERNS OF YOUTH ACTIVITY PARTICIPATION

In essence, all youth activities compete with one another. Individuals from all ability, racial, and socioeconomic groups are found in every major youth activity, but the distribution varies greatly among the activities. Consequently, the potential for competition is not uniform, and the patterns of participation for different types of youth are important determinants of the interactions and competition among activities.

Because the sizes of various segments of the youth population are changing at different rates, activities and programs that draw disproportionately from different segments of the youth population will experience different shifts in participation. The participation patterns of various groups are important in determining the potential interactive effects among programs.

Distributions of Activity Participants

College enrollees come disproportionately from higher ability groups. Almost 50 percent of the 1972 high school graduates who were enrolled in colleges in the fall of 1973 came from the top 25 percent of ability distribution (see Tables 12 and 13). Noncollegiate education and training programs draw more evenly from all the ability groups. Male military and labor force participants come from similar ability groups, with disproportionate shares coming from the lowest-ability quartile. The distribution of women military participants is more similar to the distribution of the population as a whole.

Another factor that describes the competitive nature of youth activities is the similarity of the socioeconomic status (SES) of their participants. In general, the distributions of each activity's participants among SES groups is similar to the

TABLE 12. DISTRIBUTION OF MALE YOUTH ACTIVITY PARTICIPANTS BY ABILITY: FALL 1973 ACTIVITIES a/ OF 1972 HIGH SCHOOL GRADUATES

	Ability Group		
Activity	Bottom 25 Percent	Middle 50 Percent	Top 25 Percent
College	9.1	41.5	49.5
Noncollege Education	27.5	51.6	20.8
Military	35.0	48.0	17.0
Labor Force	38.5	47.5	14.1
Other	26.7	51.3	22.1

TABLE 13. DISTRIBUTION OF FEMALE YOUTH ACTIVITY PARTICIPANTS BY ABILITY: FALL 1973 ACTIVITIES a/ OF 1972 HIGH SCHOOL GRADUATES

	Ability Group		
Activity	Bottom 25 Percent	Middle 50 Percent	Top 25 Percent
College	9.5	40.6	49.8
Noncollege Education	20.3	56.3	23.4
Military	18.8	56.7	24.4
Labor Force	32.9	50.6	16.5
Other	36.9	46.0	17.1

a/ All participation in the activities is not necessarily mutually exclusive (for example, college students can also be in the labor force); the data in the tables were assembled by assigning individuals to single activities based on their dominant activity.

distributions by ability (see Tables 14 and 15). Male and female college enrollees are disproportionately from higher SES families. For males, the distributions of military enlistees and civilian labor force participants are very similar to one another, and both are quite different from the college enrollee distribution.

TABLE 14. DISTRIBUTION OF MALE YOUTH ACTIVITY PARTICIPANTS BY FAMILY SOCIOECONOMIC STATUS: FALL 1973 ACTIVITIES OF 1972 HIGH SCHOOL GRADUATES

	SES GROUP		
Activity a/	Bottom 25 Percent	Middle 50 Percent	Top 25 Percent
College	11.2	45.3	43.5
Noncollege Education	23.1	58.7	18.2
Military	36.0	50.2	13.9
Civilian Labor Force	30.6	54.8	14.5
Other	19.3	53.9	26.8

TABLE 15. DISTRIBUTION OF FEMALE YOUTH ACTIVITY PARTICIPANTS BY FAMILY SOCIOECONOMIC STATUS: FALL 1973 ACTIVITIES OF 1972 HIGH SCHOOL GRADUATES

	SES GROUP		
Activity a/	Bottom 25 Percent	Middle 50 Percent	Top 25 Percent
College	13.6	46.0	40.4
Noncollege Education	23.8	57.4	18.9
Military	15.8	74.4	9.8
Civilian Labor Force	32.7	54.5	12.8
Other	38.5	51.3	10.2

a/ See footnote a, p. 47.

The limited overlap between the participant distributions of colleges and other youth activities indicates that competition between colleges and other activities is currently probably low. The similarity of the distributions for the military and civilian labor force (especially for males) indicates that competition between these activities is likely to be high. Noncollege education and training activities also appear to be more competitive with military and civilian employment activities than with colleges and universities.

The interaction of changes in civilian employment changes and military enlistments has been found to be significant in most studies of enlistment. For example Huck and Allen 2/ found that a 1.0 percent reduction in the unemployment rate would reduce white male high school graduate enlistments by 0.5 percent.

Distributions of Youth Among Activities

Different racial and ethnic groups are not equally distributed among alternative youth activities. Whites are most frequently college students (see Tables 16 and 17). Blacks are military enlistees more often than other groups. Hispanic youth are similar to blacks in college enrollment rates, but their military enlistment rates are more like those of whites. Among all groups, Hispanic youth are the most likely to be full-time labor force participants. Because the white segment of the youth population is declining more rapidly than the nonwhite segment and because whites are disproportionately college enrollees, colleges are more likely to be affected strongly by the youth population declines and shifts. If nonwhites continue to have a disproportionate share of employment problems, the high labor force participations of these groups and their increasing share of the youth population indicate that aggregate declines in the youth population will not necessarily result in decreases in youth unemployment or other youth labor market problems.

2/ Daniel Huck and Jerry Allen, Sustaining Volunteer Enlistments in the Decade Ahead: The Effect of Declining Population and Unemployment (Draft Final Report), General Research Corporation (September 1977), p. 51.

TABLE 16. DISTRIBUTION OF MALE YOUTH AMONG ACTIVITIES BY RACE AND ETHNICITY: FALL 1973 ACTIVITIES OF 1972 HIGH SCHOOL GRADUATES

Activity a/	White	Black	Hispanic	Other
College	43.6	30.2	32.7	34.6
Noncollege Educ./Training	5.6	5.8	3.4	4.9
Military	5.9	11.8	6.4	4.3
Civilian Labor Force	42.8	50.2	55.2	54.4
Other	2.1	2.1	2.3	1.8

TABLE 17. DISTRIBUTION OF FEMALE YOUTH AMONG ACTIVITIES BY RACE AND ETHNICITY: FALL 1973 ACTIVITIES OF 1972 HIGH SCHOOL GRADUATES

Activity a/	White	Black	Hispanic	Other
College	38.5	34.8	29.4	32.7
Noncollege Educ./Training	5.9	6.4	5.5	6.6
Military	0.4	0.5	0	0.7
Civilian Labor Force	45.3	48.0	52.8	45.3
Other	9.9	10.2	12.2	14.7

a/ See footnote a, p. 47.

The activity participation patterns of youth from different socioeconomic status groups are significantly different. Higher status youth are more likely to be enrolled in college (see Tables 18 and 19). Youth from lower SES groups are more likely to be in the military and civilian labor force. Middle status youth are more likely to be enrolled in noncollegiate education and training activities than are either high or low status individuals.

If these participation patterns continue and parental education and race continue to be determinants of SES status, college education appears to be the activity likely to be most significantly affected by the declining and changing youth population. Over the next decade these effects are likely to be more significant than over the following ten years because the decline of higher status individuals is likely to be more rapid during the earlier period.

TABLE 18. DISTRIBUTION OF MALE YOUTH AMONG ACTIVITIES BY SES: FALL 1973 ACTIVITIES OF 1972 HIGH SCHOOL GRADUATES

	Socioeconomic Status		
Activity a/	Bottom 25 Percent	Middle 50 Percent	Top 25 Percent
College	22.1	38.6	68.3
Noncollege Educ./Training	5.9	6.5	3.7
Military	10.1	6.1	3.1
Civilian Labor Force	60.0	46.5	22.7
Other	1.9	2.3	2.1

TABLE 19. DISTRIBUTION OF FEMALE YOUTH AMONG ACTIVITIES BY SES: FALL 1973 ACTIVITIES OF 1972 HIGH SCHOOL GRADUATES

	Socioeconomic Status		
Activity a/	Bottom 25 Percent	Middle 50 Percent	Top 25 Percent
College	20.5	34.5	66.0
Noncollege Educ./Training	5.6	6.7	4.8
Military	0.3	0.7	0.2
Civilian Labor Force	58.3	48.1	24.6
Other	15.3	10.1	4.4

a/ See footnote a, p. 47.

THE FUTURE SIZE AND CHARACTER OF YOUTH PROGRAMS AND ACTIVITIES

The interaction of youth activities is also affected by the changing size and character of the activities or youth programs themselves. Increases in the size of one youth program will tend to reduce the number of participants in others, especially in activities enrolling similar kinds of youth. Changes in the nature--for example, eligibility restrictions, salaries or stipends, and format--of one activity can either increase or decrease its competition with others. A number of ongoing changes in the size and nature of youth activities will affect their competition with one another in the future.

Changes in the Size and Character of the Collegiate Sector

Although college and university administrators have looked gloomily at the declining youth population as a precursor of declining enrollments, actual and planned enrollment levels are increasing slowly for the postsecondary sector as a whole. Part of this enrollment increase will result in greater interaction and competition between colleges and other youth activities. Another part--the increased enrollment of older students--will not affect competition with other youth-oriented activities.

A major share of the increases in college enrollment are occurring in two-year junior or community colleges, which have traditionally enrolled students from lower ability and lower SES groups than have other types of postsecondary insitutions. Expansion of college enrollment opportunities for these groups of high school graduates will tend to reduce the relative attractiveness of noncollegiate training programs and military and civilian employment. Similarly, expansion of compensatory or special service education programs within postsecondary institutions in order to increase the enrollment of less advantaged and lower-achievement youth will increase competition between the collegiate sector and other youth activities.

Another factor that may increase the competition between colleges and other youth activities is the increasing amount of financial assistance available to lower-income students. Over the last ten years, federal student assistance funds have grown substantially and they are likely to continue to increase.

Student aid funds from state governments and colleges and universities have also increased. These resources (and the expansion of low-price public colleges) make college a feasible or accessible alternative for many lower income youth who previously would have ruled out the possibility of college attendance.

Changes in the Size and Character of Noncollegiate Education and Training Opportunities

Noncollegiate education and training programs in which youth represent either all or a significant share of the participants are expanding dramatically. Youth participation in programs supported by the Comprehensive Employment and Training Act (CETA) will grow in fiscal year 1978 and enrollment in privately owned training schools is also predicted to increase.

Expansions of these training opportunities will tend to diminish participation in both military and civilian employment unless the expansions are primarily for the most disadvantaged groups (lowest income, lowest ability, lower achievement, high school dropouts) who are not greatly sought after by either private employers or the military. If these training activities are in fact well targeted toward the disadvantaged and are successful in upgrading the skills of their enrollees, expansions of training activities could increase the availability of desirable youth to public and private employers. But if new training slots go to less disadvantaged or higher achievement youth, the expansion will directly reduce the scarce number of well qualified youth available to the military and to civilian employers.

There are some indications that training center operators prefer to enroll higher achievement youth and that the decentralized mode in which the expansion of youth training opportunities is taking place will allow greater local control over program recruitment and admissions policies. This could allow program targeting to decline and the competition between these programs and military and civilian employers to increase in the future.

Changes in the Youth Employment Market

Changes in the success with which youth participate in the labor force will affect the competitive position of civilian employment relative to training activities, military employment, and, to a lesser extent, college enrollment. Overall, as aggregate unemployment declines and employment increases, the employment chances of youth should improve and the relative attractiveness of other youth activities should decline. 3/ Youth should also experience improved employment opportunities as their numbers (in absolute size and relative to the labor force as a whole) decline. Thus, except for periods of cyclically-induced higher rates of youth unemployment, the future civilian labor force experiences of youth will improve and the relative attractiveness of other activities---for example, the military--will decline. These improvements in the labor market success of youth are projected to occur slowly, at least until 1980. 4/

Changes in the Military

Ongoing changes in the nature and benefits of military service will affect its relative attractiveness. Increases in pay and improvements in the quality of military life will improve the attractiveness of military service. Increases in in-service training will improve the capacity of the armed forces to compete successfully with civilian employment and training opportunities.

3/ See Congressional Budget Office, The Costs of Defense Manpower: Issues for 1977, Budget Issue Paper (January 1977), Appendix.

4/ See forthcoming Congressional Budget Office report on youth employment problems.

CHAPTER V. DESIGN CONSIDERATIONS FOR NATIONAL SERVICE

THE CONCEPT OF NATIONAL SERVICE

National Service has been proposed as a solution to the wide range of civilian youth and military enlistment problems. But the proposed programs of National Service are by no means similar either in format or impact. This chapter describes National Service options that correspond to various conceptual approaches to these youth and military problems. These options represent, to some degree, a synthesis of the National Service programs proposed by Eberly, Edelman, King, Yarmolinsky and others. 1/

The design features of National Service depend to a large extent on how National Service is viewed.

- National Service may be viewed as performing labor exchange functions; that is, as a national clearinghouse in which needy or qualified youth are identified, and jobs, training, and education are located for them. This suggests that National Service engages primarily in intake functions such as registration, testing, and counselling, and has little or no involvement in job creation or the training of youth.

1/ D.J. Eberly, A Model for Universal Youth Service, paper prepared for the Eleanor Roosevelt Institute Conference on Universal Youth Service, April 1976. A. Yarmolinsky, National Service Program, paper prepared for the U.S. Military Academy Conference on National Service, June 1977. W.R. King, Achieving America's Goals: National Service or the All-Volunteer Armed Force?, study for the Senate Committee on the Armed Services (February 1977). P.B. Edelman and M. Roysher, Responding to Youth Unemployment: Toward a National Program of Youth Initiatives, New York State Division for Youth (December 1976).

- National Service may be viewed as simply another program or option for youth, coexisting with current youth programs and policies. This approach suggests a low-key intervention strategy that would include employment and training options in which eligible youth may participate voluntarily.

- National Service may be viewed as a coordinator of all youth policies and programs. This concept suggests a more activist role in which a National Service organization would establish youth employment and training policies and regulate the nature and size of these programs in a manner consistent with these policies.

- National Service may be viewed as a vehicle to satisfy a public service obligation. This approach suggests not only total integration of all youth policies and programs, but also a universal obligation to serve. It emphasizes the value of the service performed to the nation, rather than the benefits to youth in terms of work experience and income.

THREE PROTOTYPE NATIONAL SERVICE OPTIONS

To provide an opportunity for a closer examination of the positive and negative aspects of these varying concepts of National Service, three prototype options are described and evaluated below.

Small Targeted National Service. This option constitutes a minimal change in current policy. Design changes would be made in current programs to exploit possible program interactions and linkages. While this option would be "national" in terms of geographic coverage, participation would be limited and resources targeted on specific segments of the youth population. Military manpower programs would remain essentially intact, operating in parallel to other domestic programs. This prototype stems from the concept that National Service should coexist with current youth policies and should attempt to coordinate military and domestic youth programs in a voluntary way.

Broad-Based Voluntary National Service. Under this option all youth would be exposed to the opportunities offered by the programs but service would be voluntary. Program interactions and linkages could be emphasized, and the military would be required to compete on an equal footing with other domestic opportunities. This prototype is consistent with the concept of National Service as a coordinator of youth policies and programs and as such suggests a more activist role for National Service in society as a whole.

Broad-Based Compulsory National Service. This prototype requires fundamental administrative and programmatic changes. The salient difference in this option is compulsory, participation. This option would effectively eliminate the need for an All-Volunteer Force and substitute a draft that would channel the required number of youth into military service, with the remainder filling domestic jobs. This prototype supports the concept that National Service should be a vehicle to satisfy a public service obligation.

THE COMPONENTS OF ALTERNATIVE NATIONAL SERVICE PROGRAMS

The following components can be used to characterize alternative National Service programs:

- Youth registration.
- Mental and medical testing.
- Counselling services.
- Eligible participants.
- Program activities.
- Backup draft.

Table 20 provides a brief synopsis of how these components differ under each of the three prototypes.

TABLE 20. SUMMARY OF DESIGN CONSIDERATIONS FOR NATIONAL SERVICE OPTIONS

Component/Option	Small Targeted Voluntary	Broad-Based Voluntary	Broad-Based Mandatory
Registration	Register all youth age 16 (approximately 4 million, male and female) Could be voluntary, if paperwork kept to minimum to avoid discouraging youth participation.	Register all youth age 16 (approximately 4 million, male and female). Possible voluntary, although the need to implement a back-up draft may require statutory registration to insure equitable exposure to possible induction.	Statutory requirement to register, probably the age cohort subject to induction (e.g., 19 year olds, male and female).
Mental and Medical Testing	Mental assessment tests to all registered youth. Medical examination only to those who elect to participate in a National Service program.	Mental assessment test to all registered youth. Medical examination to those who elect to participate in a National Service program and/or are evaluated for statutory assignment to a priority pool of eligible inductors for the back-up draft.	Mental assessment test to all youth in age group subject to induction (statutory requirement). Medical examination to all youth in age group subject to induction (statutory requirement if they have first passed mental test).
Counselling Services	Establish counselling centers in each of 17,000 school districts throughout the nation. Counsellors will: --Act at local level to insure registration. --Coordinate testing. --Advise youth on results of tests and suitability for National Service.	Same as Small Targeted, except participating population probably too large to consider alternative of assuming Employment Services Administration counsellors, CETA counsellors, and DoD recruiters adequate to handle program.	Counselling mandatory, possibly given through a Selective Service deferment board system.

(Continued)

TABLE 20. (Continued).

Component/Option	Small Targeted Voluntary	Broad-Based Voluntary	Broad-Based Mandatory
Eligible Participants	Military --Current criteria; males and females aged 17-24 who pass mental and medical examinations (voluntary). --Also those who accept domestic educ./trng. grants requiring military service in selected reserve/guard. --Upgraded youth completing a domestic service program who meet at least mobilization apptitude/medical standards for voluntary enlistment to IRR.	Military --Same as Small Targeted.	Military and Domestic --All youth in one age group, probably 19 years old amounting to 4 million males and females. --"Draft-motivated" volunteers permitted to enlist in the military.
	Domestic --Jobless youth 16-20, meeting low-income eligibility test and currently not in high school (800,000 population).	Domestic --All youth age 16-20, regardless of employment or income status (20 million population).	
Program Activities	Military Same options as current, except for linkage to output from domestic programs such as educ./trng. grants, IRR assignments to upgraded youth.	Military Similar to small targeted, except possible need to reduce enlistment terms and/or offer additional economic incentives such as bonuses to remain competitive with domestic programs.	Military --Two-year service for conscripts. Same term of service as now for volunteers. --Maximum input: -400,000 active (augmented three-year terms). -250,000 selected reserve/guard (four- to six-year terms). -200,000 IRR (two-year terms).

(Continued)

TABLE 20. (Continued).

Component/Option	Small Targeted Voluntary	Broad-Based Voluntary	Broad-Based Mandatory
Program Activities (Continued)	Domestic --50,000 educ./trng. grants. --50,000 full-time resident and public service years (except 100,000 participants at six months each). --150,000 full-time nonresident public service years (except 300,000 participants at six months each).	Domestic --200,000 educ./trng. grants. --100,000 resident public service years (200,000 participants). --1,500,000 nonresident public. service years (3,000,000 participants).	Domestic --3.5 million conscripts in one year service programs similar to voluntary.
Backup Draft	Probably not required.	Probably necessary, as a hedge against military failing to meet enlistment.	Unnecessary.

Youth Registration 2/

Registration appears to be a useful component of any National Service option. Under the small targeted option, registration would assist administrators in identifying youth who may be eligible for National Service benefits. Under the broad-based voluntary option, registration would be necessary to implement an equitable back-up draft. Under mandatory service, registration would be a statutory requirement. The key registration questions that must be addressed for each National Service option are:

- Who should register, and at what age?
- Should the registration system be compulsory or voluntary?
- Must registration be separately administered, or can it be a part of current registration-like programs for youth?

At What Age? In the past, registration for the draft was mandatory for males at age 18. Depending on the form of National Service implemented, consideration should be given to lowering the age for registration and including both males and females. Lowering the registration age for the two voluntary options would increase the program's opportunity to identify youth who may later drop out of high school and be most in need of the programs offered by National Service options. Under mandatory National Service, the age requirement for registration would be designated as the age of induction liability or the prior year. Females as well as males would be required to register.

Compulsory or Voluntary? Currently, military registration is not required. Whether registration under the two voluntary National Service options should be mandatory or voluntary is open to question. Mandatory National Service would by statute require registration. Following the end of military inductions in mid-1973, the Selective Service System anticipated a growing

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2/ To assist in the preparation of this National Service study, a background paper, Implementing a Registration Program to Support National Service (November 1977), was prepared by Kenneth J. Coffey, consultant to the Congressional Budget Office.

wave of nonregistration. Their experience in 1973 and 1974 did not bear this out, however, and the major problem appeared to be late registration rather than nonregistration. Several studies sponsored by the Selective Service System revealed that the overall registration rate for males was 90 percent. This registration rate could possibly be raised either by simplifying the procedure or integrating it with an existing data collecting procedure. The more beneficial the programs offered and the broader the program eligibility, the more universal voluntary registration is likely to be.

Independent or Integrated Registration Procedure? While a reactivated Selective Service System could reinstitute its registration program, alternative ways of collecting registration data could also be implemented. A National Service program could obtain its information from governmental organizations that are already conducting other registration-like activities, for example, the Social Security Administration, the Internal Revenue Service, state motor vehicle departments, and state and local boards of education. Another approach would assign registration responsibilities to high schools. The Selective Service System could be designated as a responsible agent for maintenance and processing, but not collecting, of the registrant data base.

Mental Testing

Administration of mental tests on a voluntary basis would be consistent with both the small targeted and broad-based voluntary National Service options. Mandatory mental testing of certain segments of the youth population could also be conducted if necessary to enhance military readiness and speed the induction process in case of a national emergency.

The administration of tests as a preliminary device for determining eligibility to participate in any of the National Service options could be assigned to the Civil Service Commission (CSC). Current plans call for the CSC to take over administration of the Armed Service Vocational Aptitude Battery (ASVAB), which is used in the schools to aid in career guidance counselling. It is possible that a substitute for the ASVAB could be developed and administered by the CSC.

Medical Examinations

Medical examinations are usually more complicated and expensive to administer than mental tests. Like mental tests, medical examinations could be voluntary for those youth who choose to take only the preliminary assessment and guidance-counselling aspects of National Service, but mandatory for those who elected to participate in some National Service program. The organization conducting the largest number of physical examinations is the Military Enlistment Processing Command (MEPCOM). MEPCOM has 64 stations across the United States and expects to give approximately 785,000 medical examinations in fiscal year 1978, primarily to applicants for military service. 3/ Assuming that additional staff were provided, MEPCOM now has the capacity to double the number of applicants it processes annually. This capacity may be sufficient to manage the physical examination function for the small targeted National Service option.

The Selective Service System could serve as a repository for the mental and medical examination data and could merge this information with the registrant file. Selective Service would be responsible for mailing the test results to the applicants. Copies could be made available to participating National Service organizations that might have employment or training openings.

Counselling Services

A 1973 survey of 32,000 eighth, ninth and eleventh grade students in 200 schools revealed that more than three-quarters of the respondents felt a need for help with career planning. Almost half said they were receiving little or no help in this area. 4/ On the assumption that career counselling under National Service can fill an existing void, all three options would federally fund career guidance centers in each of the nation's 17,000 school districts.

3/ MEPCOM already gives physical examinations to applicants for programs such as the Job Corps, FBI, VISTA, and the Bureau of Alcohol, Tobacco and Firearms.

4/ D. Prediger, J. Roth, and R. Noeth, A Nationwide Study of Career Development: Summary of Results, An American College Testing Program Report (1973).

As an alternative or supplement to direct federal support to schools, counselling could be provided through the Employment Services Administration (ESA). ESA personnel would examine the test data and make a preliminary determination of eligibility for National Service. Group counselling sessions would be provided to high school staff and students to explain National Service and the entry requirements. Personal counselling and follow-up testing sessions could be provided by ESA and CETA to better assess individual interest and eligibility for specific programs. Under this National Service prototype, testing and counselling would be a dynamic, integrated process designed to assist youth in developing self-assessment and job-search skills, and to directly affect their future careers.

Eligible Participants

For the small targeted option, the eligible military participants would be all youth aged 17-24 meeting mental and medical enlistment standards up to the number required to satisfy military needs. For the domestic programs, all youth aged 16-20 who are unemployed or who are found qualified for remedial or special skill training or education would qualify. Quotas would be required to limit the size of the domestic program. These domestic service applicants would also have to meet low-income eligibility standards. While some 20 million youth are aged 16-20, less than 5 percent fit the criteria of unemployed, not in school and residing in a low-income family. This segment of the youth population would be the target group for the domestic programs of this National Service option. Focusing resources on this group alone is admittedly somewhat arbitrary since large numbers of other youth could also benefit from a National Service program. But this group is the most socially and economically disadvantaged and it would seem to make sense to target limited resources in a small National Service program to those most in need.

For the broad-based voluntary option, eligible participants would be all of the 20 million youth aged 16-20 regardless of income status. The minimum age for the military would remain 17 and applicants would have to meet established peacetime entry standards except for those entering the Individual Ready Reserve (IRR), for which the less stringent mobilization entry standards would be used. Those over 16 years who volunteer for some form of service would have to register before participating.

Including current CETA funding directed at youth, it is estimated that one-fourth of the youth population aged 16-20 are exposed to some form of federally sponsored domestic or military service. While it is very difficult to predict the maximum number of volunteers who would enter any large-scale voluntary program, for purposes of planning and analysis it is assumed that this option would raise the participation rate to one-half the total 16-20 year old population.

For the mandatory option, eligible participants would be all youth, male and female, reaching age 19, except that school dropouts could volunteer earlier. Although women might be excused from filling military combat roles, they would very likely be included in such a national draft.

Program Activities

Each of the three National Service options provides an opportunity to diversify and/or expand the services available to or required of youth. The nature and size of these program activities are highlighted here, but numerous other programs could of course be conceived and implemented.

Small Targeted National Service. In addition to the counselling services provided, a range of education, training, and employment opportunities would be offered to the target youth population--in this option, 16-20 year old jobless youth from poor families. About 800,000 youth are expected to fall in this category. Possible programs that might be offered to these youth are:

- o 50,000 education training grants valued at approximately $6,500 per grant. This would be a domestic program with linkages to military service. The educational grants would concentrate on upgrading disadvantaged youth's functional skills, primarily reading, and, for non-graduates, emphasize completion of high school through a General Educational Development program. For those youth who are physically qualified, acceptance of an education grant would entail a military obligation to take basic training as summer employment and assignment to the Individual Ready Reserve (IRR), from which participants could be called to active duty only during general mobilization. The training grants would be an expansion of the Labor Department's apprenticeship program, although skill training would emphasize those skills useful for the military. While combat arms skills remains the largest shortage in the IRR, there are shortages in numerous other skills that have civilian applications, such as x-ray and lab technology, auto mechanics, and refrigeration repair. This skill training could be offered either by the Labor Department through its apprenticeship program or by the military itself. Only those youth possessing the necessary aptitude to complete the course would be eligible. Basic military training as summer employment would also be required as well as an assignment to the IRR. Youth who have completed the education/training program could voluntarily apply for enlistment but they would have to meet the eligibility standards in effect for all youth who apply for a specific occupation in the military.

- 50,000 full-time resident domestic public service jobs. This program would be open to physically qualified disadvantaged youth meeting both the low-income and unemployment criteria. The program activities would be primarily conservation work in resident camps and would in effect be an expansion of the Young Adult Conservation Corps (YACC) now funded under the Youth Employment and Demonstration Projects Act. The current YACC does not, however, target at disadvantaged youth. Youth participating in this activity would be paid the minimum wage. It is anticipated that the average length of employment would be six months, the current average for Job Corps enrollees. At an average six-month retention rate, 100,000 youth could be expected to participate in the program annually at an average cost of $5,000 per participant. There would be no explicit military service requirement in this program, but biographical and performance evaluation data could be made available to the military for recruitment purposes. Since youth would spend a relatively short time in this program, it is important that permanent employment opportunities be available to those leaving this program. Failure to provide such follow-up opportunities would very likely result in the participants' return to the unemployed and impoverished lifestyle the domestic program was intended to eliminate.

- o 50,000 full-time nonresident domestic public service jobs. This program would provide employment opportunities for disadvantaged youth in their own neighborhoods or within commuting distance from their homes. This program, which could provide a broader range of employment opportunities for disadvantaged youth, is essentially an expansion of the Youth Community and Conservation Improvement Projects, which are also targeted at disadvantaged youth. The program would seek to employ youth in well-supervised work with a tangible output of benefit to the community. Participating youth would be paid at the minimum wage. It is anticipated that the program would be administered through CETA prime sponsors. At an average retention rate of six months, 300,000 youth could be expected to participate annually at an average cost of $3,000 per participant.

Broad-Based Voluntary/National Service. Program activities under this option differ from the small targeted version in size and in the absence of targeting at disadvantaged youth. The requirement for basic training as summer employment and enlistment in the Individual Ready Reserve would be the same. The education and training grants would be expanded to 200,000, and the resident public service program would be doubled to 100,000 resident domestic public service years available to all youth at age 16-20 regardless of employment or income status. Compared to the small targeted version, nonresident public employment slots would be increased by a factor of ten. Assuming six-month retention rates, over 3 million youth annually would participate in the nonresident program and another 200,000 in the resident program.

Programs of this size and scope that are not targeted at disadvantaged youth and offer a competitive minimum wage may require the military to alter its enlistment options. While strong links between the output of the domestic programs and the recruiting programs of the military would be a positive benefit to DoD, the services would probably respond to the specter of increased competition by reducing the enlistment terms, increasing the enlistment bonus, expanding educational opportunities, and possibly making other changes in its incentive system.

Broad-Based Mandatory. Assuming that the conscription of youth for both military and domestic service is Constitutional, the broad-based mandatory option could involve as many as 4 million youth in one age group (for example, males and females aged 19). If all youth had a statutory obligation to serve and there was no significant increase in military manpower requirements, domestic programs would have to absorb 3.5 million new entrants annually.

Conscripts in domestic programs would probably participate no longer than one year, since a two-year program would effectively double the size of the population participating at any given time. On the grounds of equity, the military might offer a one-year induction term with release to the Selected or Individual Ready Reserve to complete the federal service obligation (currently six years). If all voluntary enlistment was eliminated from the military, approximately 650,000 inductions would be required annually to fill both active and selected reserve enlistment quotas, assuming there is no expansion of enlisted military strength. More probable, however, is that military accessions would be a mix of conscripts, draft-motivated volunteers, and true volunteers (that is, those who choose to volunteer regardless of their induction liability). Heavy reliance on conscripts and draft-motivated volunteers would eliminate the need for enlistment bonuses and other incentives, and the recruiting programs of the services could be substantially reduced.

Domestic employment opportunities would have to accommodate a minimum 3.5 million youth annually if one age group served no more than one complete year. Involvement of the entire range of youth in one group would result in greater diversity in domestic service programs, although unskilled menial jobs would still dominate. The employment of youth on such a mammoth scale is a complex and expensive undertaking that could not be implemented without extensive coordination at all levels of government, to say nothing of the cooperation of the inducted youth.

The Need for a Backup Draft under the Voluntary Options

The use of a backup draft can be thought of as a safety valve if military manpower quotas are not met. It is unlikely that a backup draft would be needed under the small targeted

National Service option because participants in the domestic programs under this option are not prime targets of military recruiters.

Broad-based voluntary National Service, on the other hand, would very likely require a backup draft. The size of the domestic programs and their lack of targeting risk the possibility that the military would be unable to compete effectively for a sufficient number of volunteers and would need a stand-by mechanism to fill manpower quotas quickly with inductees.

A lottery backup draft system would probably be favored on the grounds of equity. All youth reaching a specified age (16 under the voluntary options described in this chapter) would be requested or required to register and be assigned a draft lottery number; eligibility for a priority pool of those subject to immediate induction would also be determined.

While the existence of a backup draft would simplify the initiation of peacetime inductions, the point at which the draft would be activated could be the subject of considerable controversy. Measuring the success or failure of a volunteer military force operating either as part of or concurrent with voluntary National Service would require judgment about the quality of both active and reserve enlistments.

The decision to reinstate inductions through the backup draft would have ripple effects throughout the entire youth population. Some would seek exempted activities, such as postsecondary education, which they would not otherwise have chosen. Some liable for induction into the Army ground combat arms might choose enlistment into one of the other services (assuming such an option is available)--services in which there is already an adequate supply of volunteers.

Operationally, the backup draft would establish a priority pool of draft eligibles who would be subject to immediate induction if the military failed to meet its induction objectives on a voluntary basis. Those assigned to the priority pool by the lottery system would be required to take both mental and physical examinations to determine their eligibility for induction. The reestablishment of a deferment system and local Selective Service boards should be considered to identify nondeferrable draft eligibles. Once again, the problems involved in the decision to activate a draft during peacetime would have to be faced. While the drafting of women is still an unresolved legal and social issue, it would appear to be prudent to include women in the priority pool of eligible conscripts.

Overall Administrative Changes

The administrative changes required to support a small targeted National Service option would be minimal. The option assumes that current organizations have the capability of absorbing the additional applicants (up to 500,000 domestic program applicants). In most instances, new programs would not have to be created, but linkages among them should be actively sought. In this way applicants would be introduced to a process of National Service in which each component would build upon and support the other.

Administrative changes would be much more likely under a broad-based voluntary option. Large-scale participation by youth would probably require the formation of a National Service organization. At a minimum, this organization would administer the intake functions (registration, examination, counselling) and have oversight responsibilities for both the domestic and military programs. Probably the most important function of the National Service organization would be the coordination of domestic and military manpower policies. Because of the scale of the programs, a minor adjustment in policy in one program could have dramatic effects on another. Because the testing of applicants would probably exceed the physical capacity of the Military Enlistment Processing Command (MEPCOM), more space as well as personnel would have to be added. Converting MEPCOM to civilian status and subordinating it to the National Service organization should be considered. The availability of physicians to handle medical examinations would become a critical constraint on implementing National Service on a large scale. Much of the additional work load could be handled by physician extenders or paramedics, but it probably would be necessary for legal reasons to have physicians review the medical data of each applicant individually.

Under a mandatory National Service system, administrative changes would be substantial and similar to modifications necessary under a broad-based voluntary system. A National Service organization would undoubtedly be needed to establish quotas for programs and to allocate youth among programs. This implies a highly centralized administrative approach.

CHAPTER VI. THE EFFECTS AND COSTS OF THREE NATIONAL SERVICE OPTIONS

INTRODUCTION

National Service has been proposed to ameliorate a wide range of military manpower and civilian youth problems. The following effects represent the most important criteria for assessing the desirability and feasibility of National Service.

- Current Youth Employment. A National Service option can be judged by the extent to which it reduces the jobless rate among youth; provides full-time jobs for those employed part time but seeking full-time employment; and provides meaningful work that encourages self-development and stabilizes aberrant job switching behavior.

- Education and Training. Another measure of National Service is the extent to which it fosters investment in the education and training of youth in order to enhance opportunities for finding stable, meaningful employment; create a stock of competent youth whose specific skills are matched to the future needs of the nation; and avoid future welfare and unemployment expenditures by increasing the likelihood that youth will become stable wage earners in the private sector.

- Military Manpower. National Service can be measured by the impact it will have on voluntary active and reserve enlistments; its success in broadening the enlistable market by overcoming the achievement deficiencies of enlistees who would otherwise be rejected; and its ability to create a climate that strengthens positive attitudes toward public service.

- Competition for Youth. National Service can be judged by the extent to which it would foster program competition that broadens youth opportunities and encourages cost-effective rather than counter-productive behavior on the part of the government.

- o Administrative Changes. National Service can be judged by the extent to which redundant functions are eliminated or consolidated into a National Service operation and youth policies are better coordinated to minimize undesirable competition. Negatively, National Service can be judged by whether it simply imposes another administrative layer, labeled National Service, resulting in more federal expenditures with few or no benefits to youth.

Table 21 summarizes the effects of each National Service option and its costs.

THE EFFECTS OF A SMALL TARGETED NATIONAL SERVICE OPTION

Effects on Current Youth Employment

This National Service option has the advantage of identifying those youth most acutely in need of employment opportunities and targeting resources on them. The program would support 50,000 full-time resident domestic service years, and 150,000 nonresident domestic service years. Since more than 2.5 million teenagers are either unemployed, employed part-time but seeking full-time work, or discouraged workers, the effect of this program will be minimal on the aggregate number of youth with employment problems. The program could be more narrowly focused, however, by concentrating on those youth who are both unemployed and come from families with incomes below the poverty level. The targeted jobs program under this option would affect approximately one-fourth of the 800,000 of these disadvantaged youths. If salaries were set at the minimum wage, approximately $1.4 billion would be required annually to pay the direct costs of this jobs program.

TABLE 21. NATIONAL SERVICE OPTIONS: SUMMARY OF EFFECTS

OPTIONS/ EFFECTS	Current Youth Employment	Education and Training Opportunities
Small Targeted Voluntary	Minimal impact on 2.5 million teenage 16-19 year old jobless. If properly targeted, could reduce 800,000 poverty level jobless teenage youth by one-fourth. High turnover and difficulty in finding suitable public jobs for youth raises doubts about program's ability to affect a permanent reduction in youth (16-24) unemployment rate.	Proposed 50,000 education/training grants should improve long-run employment opportunities. However, small scale of program would result in minimal effect on total teenage joblessness. Counselling services offered should improve youth job search skills and labor market information. This would enhance participants' future employment prospects.
Broad-Based Voluntary	Large-scale jobs program, if successful could significantly raise youth labor market participation rates and lower unemployment. High turnover and lack of suitable jobs raises doubts about program success. Aside from age (16-20), little control over who volunteers, can result in private- to public-sector job switching and "fiscal substitution," resulting in reduced effect on youth unemployment.	Similar benefits as in Small Targeted for counselling and grants program. Large-scale job opportunities may lessen youth participation in education and training, which would tend to limit their long-term employment prospects.
Broad-Based Mandatory	Massive jobs program would have larger employment impact on youth than voluntary systems. Significant legal and Constitutional problems with coerced domestic service.	Highly uncertain effects on education and training sectors. Deferment policies could encourage school attendance to delay National Service obligation. Baring deferments would create a massive disruption in education system and probably lower long-term employment prospects of many youth.

(Continued)

TABLE 21. (Continued)

OPTIONS/ EFFECTS	Military Manpower	Competition for Youth
Small Targeted Voluntary	If domestic programs targeted at disadvantaged youth and given the small scale of the jobs program, should have minimal negative impact on military enlistments. National registration and testing should provide valuable leads to military recruiters. Linking trainee output of domestic activities to reserves should be a positive benefit to military.	Small scale and selective targeting of domestic programs should minimize adverse competition with military. Some possibility of competition for the more capable male non-high school graduates.
Broad-Based Voluntary	Net effects on active and reserve enlistments highly uncertain. Positive benefits of registration and testing can be negated by loss of volunteers to large-scale, non-targeted, domestic programs.	Lack of targeting greatly increases prospects for adverse competition. Expanding domestic programs in the face of a shrinking youth population could exacerbate future military recruiting difficulties.
Broad-Based Mandatory	Assures adequate supply of military manpower and would resolve reserve force manning problems.	The need to place upwards of 3 million youth in jobs could create competition in other labor markets and drive up unemployment rates for older workers.

(Continued)

TABLE 21. (Continued)

OPTIONS/ EFFECTS	Administrative Changes	Federal Budgetary Changes (Dollars in Millions)	
Small Targeted Voluntary	Initiates national registration, ability and assessment testing, and counselling. Maintains organizational autonomy, but stresses greater policy and program coordination among agencies. Overall, minimal change in current administrative arrangements	Registration	6
		Testing	10
		Counselling	425
		Employment	1,400
		Educ./Training Grants	325
		Total Increase	2,166
Broad-Based Voluntary	Economies of scale probably justify combining some agencies such as CETA and ESA and civilianizing the military enlistment processing command. Establishment of a National Service organization essential to manage large-scale job effort. Backup draft mechanism essential to insure inductions could be quickly supplied to military if domestic programs drew off too many potential military volunteers.	Registration	6
		Testing	27
		Counselling	425
		Employment	10,000
		Educ./Training Grants	1,300
		Total Increase	11,758
Broad-Based Mandatory	Economies of scale and mandatory nature of program justify combining many elements of various federal agencies such as DoL, DoD, HEW, into a National Service organization.	Registration	6
		Testing	65
		Counselling	425
		Employment	23,000
		Educ./Training Grants	0
		Total Increase	23,496

Education and Training Effects

The fundamental issue in establishing jobs programs for disadvantaged youth is whether or not they would be better served by remedial training and skill upgrading programs that would enhance their future chances for stable employment. The small targeted National Service program envisions 50,000 training/educational opportunity grants that may include summer employment as military basic trainees and a follow-up commitment to the Individual Ready Reserve that could substantially reduce the present IRR deficit. But to avoid the high military disqualification rates common among disadvantaged youth, less stringent aptitude and medical standards would have to be used. This could work since these youth would probably not be called to active duty except under a military contingency requiring mobilization, when lower standards are used to facilitate a rapid build-up in military forces. Some military recruiting expenditures could be avoided under this program, probably in the range of $500-$1,500 per applicant or $25 to $75 million annually to recruit 50,000 IRR enlistments. It is possible that budget outlays for these grants could be partially offset by the avoidance of future public assistance expenditures (such as Aid to Families with Dependent Children (AFDC), food stamps, Supplemental Security Income (SSI), Unemployment Insurance (UI)), if the training and military experience are sufficient to raise participants' future wage levels to a point at which public assistance would not be needed.

Effects on Military Manpower and Competition

If the domestic activities under this option are kept relatively small and targeted at disadvantaged youth, the adverse effects on military enlistment supply could be minimal. Generally, young people who are disadvantaged (as measured by income and residence) have great difficulty finding any type of stable employment, including the military. Because their aptitude scores are generally below average and their medical problems more numerous than average, disadvantaged youth fail to pass enlistment screens at a rate one and one-half times greater than youth from less disadvantaged middle-income areas. This is confirmed by data for a sample of recent enlistment applicants, stratified by income and location (see Table 22)

TABLE 22. REJECTION RATES FOR A STRATIFIED SAMPLE OF NON-PRIOR SERVICE MALES ATTEMPTING MILITARY ENLISTMENT BETWEEN JULY AND DECEMBER 1976

	Sample Areas		
	200 Zip Code Areas (5 digit) Urban Lowest SES Quartile a/	100 Zip Code Areas (3 digit) Rural Lowest SES Quartile a/	200 Zip Code Areas (5 digit) Urban/Suburban Middle Two SES Quartiles b/
Number of Applicants	8,800	19,000	7,100
Percent c/			
Rejected	43	35	29
Mental Group IV and V d/	44	34	26
Nonwhite	66	35	25

SOURCE: Defense Manpower Data Center tabulations.

a/ Refers to incomes below $8,400 based on 1969 family incomes reported in 1970 census.

b/ Refers to incomes between $8,400 and $12,200 based on 1969 family incomes reported in 1970 census.

c/ Percents refer to that fraction of total applicants in each zip code area who were either rejected for enlistment, in the lowest mental aptitude categories, or nonwhite.

d/ Refers to ability test groupings assigned by the military. Mental groups IV and V are the lowest two quintiles in this ability group distribution.

In general, the potential benefits to the military of this small targeted form of National Service appear to exceed any negative impact. In spite of a potentially favorable effect on military enlistment supply, the added cost ($2.2 billion) of this option cannot be justified on military manpower grounds alone. Other, more compelling reasons, such as youth employment and training benefits, would have to be put forth as part of the overall justification.

This option could possibly reduce the Individual Ready Reserve shortfall through its education/training grants programs; this could avoid increased recruiting costs ranging from $25 to $75 million annually. Other possible military manpower effects are:

- National registration could benefit the military if this data were converted into prospect lists for recruiters.
- To the extent that mental tests and medical examinations are given to youth, the military could segment the youth market and focus on individuals deemed most qualified for military service.
- Counselling and promotional activities that would be part of a National Service program would increase youth awareness of military enlistment opportunities and create more favorable attitudes toward public service in general.
- Linkages between domestic and military programs would benefit military enlistments to the extent that the enlistable market was broadened by upgrading youth skills, by exposing youth to various aspects of military life, and by employing youth in domestic jobs on military posts.

Administrative Changes

Since this option is relatively small and targeted at a narrow segment of the population, the administrative changes required to implement it would not be significant. Time and energy could be directed to better policy and program coordination among the various agencies, rather than on reorganization and consolidation.

THE EFFECTS OF A BROAD-BASED VOLUNTARY NATIONAL SERVICE OPTION

Effects on Current Youth Employment

This National Service option would not be targeted--all youth aged 16-20 would be eligible to participate. This program would support approximately 100,000 full-time resident service years and 1,500,000 nonresident service years. The effect on the levels of youth unemployment and underemployment is difficult to predict. Since the program would be totally voluntary, the potential exists for switching from private-sector to public-sector employment. In spite of this switching, the number of jobless 16-20 year olds might be reduced by as much as one-third.

A major problem with a program of this magnitude is the location and/or development of a large number of public service jobs. This effort will demand extensive cooperation among all federal, state, and local agencies. It implies a sizable administrative burden, necessitating the creation of a National Service organization to coordinate these activities.

Education and Training Effects

Compared to the small targeted option, education/training grants under this broad-based option would be quadrupled. Like the small targeted version, these grants would be linked to some form of public service or summer employment. The military training commitment would be stressed, although other forms of domestic summer employment could be available.

Effects on Military Manpower

The effects on military manpower of a broad-based voluntary National Service option are highly uncertain. The lack of targeting would increase the opportunities for more desirable military prospects to enter domestic programs. The information benefits to the military of registration, testing, and counselling would be similar to the small targeted option but should be weighed against the potential loss of volunteers to domestic programs offering competitive wages and opportunities. An expanded education and training grants program requiring military training as summer employment (similar to that included in the targeted National Service option) could reduce the IRR recruiting deficit.

Because of the potential for a decline in the number of military volunteers, the existence of a viable stand-by draft mechanism would be essential under a broad-based voluntary National Service system. The backup draft apparatus should be capable of quickly reinstituting inductions should the military fail to meet its enlistment quotas. As pointed out earlier, however, any decision to reinstitute inductions would have substantial effects throughout the entire youth population.

Effects on Competition for Youth

The lack of targeting in a large voluntary National Service system would greatly increase the potential for destructive competition. First, existing CETA programs that would be incorporated into this National Service option would have to drop whatever targeting approaches they are currently using. The focus on the unemployed and educationally disadvantaged would thus diminish, since more volunteers would be eligible to participate. The expansion of these domestic jobs programs, incorporated into a large voluntary National Service system, could bring the employment and educational sectors into closer competition. Some youth, given more attractive employment opportunities, might elect to defer education in favor of the immediate monetary rewards of a public service job. The introduction of competing domestic and military service alternatives would exacerbate the enrollment problems facing education and training institutions because of future declines in the overall youth population.

THE EFFECTS OF A BROAD-BASED MANDATORY NATIONAL SERVICE OPTION

Effects on Current Youth Employment

The sheer size of a mandatory system would have a significant effect on the employment of youth. The induction of an entire age group would only partially resolve the youth problem, however, because all ages of youth experience employment difficulties. The resolution would be temporary because the length of stay in National Service would probably be no longer than one year.

Education and Training Effects

Exemption and deferment policies would play a major role in determining the ultimate effects on youth as well as on the education and training sectors. On the one hand, deferments that delay a National Service obligation could encourage active pursuit of educational opportunities to escape the draft. On the other hand, without a deferment policy, the education and training sectors would experience a very sharp and immediate drop in new enrollments. Hopefully, this loss would be only temporary as National Service completors returned to the education and training institutions, possibly supported financially with some GI Bill-like program.

Effects on Competition for Youth

Since mandatory National Service would result in virtually complete control over the supply of labor, competition in the ordinary sense of the word would be nonexistent. Youth would be channeled into various jobs, and dividing up this labor supply among the many competing organizations and institutions would place a heavy administrative burden on the government. Reducing the labor supply to businesses that traditionally employ youth could result in increased pressure on wages and prices throughout the economy.

Another possible effect is the substitution of newly created public jobs for existing jobs in the private sector. Many services are performed for the government on contract with private firms. These firms may find themselves competing with government agencies seeking to place youth in similar forms of work. To the extent that this substitution occurs, the benefits of reduced youth unemployment would be offset by the costs of increased unemployment among older workers.

Administrative Changes

Mandatory service on a massive scale would impose a substantial administrative burden on the federal government in its attempt to create jobs and operate an equitable induction, deferment, and assignment system. One of the major reasons for abolition of the military draft was the claim that the system was inequitable, placing an unfair and onerous burden on a few youth.

Economies of scale may justify combining certain functions of various agencies responsible for such a National Service operation. For example, the Military Enlistment Processing Command would have to be expanded and possibly converted into a civilian agency such as the Public Health Service; the CETA and Employment Services Administration might have to be combined if they are assigned to locate or create a much larger number of public service jobs. Some reduction or consolidation might be possible in the military recruiting organizations under a mandatory system, since the workload of identifying and influencing volunteers would be significantly reduced.

The creation of a National Service organization would be essential to the implementation and coordination of a mandatory system. Various functions including registration, testing, deferment, and assignment procedures could possibly be the responsibility of this agency.

THE COST OF NATIONAL SERVICE OPTIONS

Small Targeted National Service

It is estimated that this option would require an addition to the federal budget of approximately $2.2 billion annually (see Table 23). This estimate assumes that no new administrative functions need be added. This option would add no costs to military programs. Reductions in military recruiting budgets might even be possible if the recruiting job is made easier through the additional information supplied from national registration and testing.

TABLE 23. ANNUAL DIRECT BUDGET COST OF THE SMALL TARGETED NATIONAL SERVICE OPTION: DOLLARS IN MILLIONS BEYOND CURRENT EXPENDITURES

Major Component	Possible Receiving Agency	Cost (Current Dollars)
Registration	Selective Service System	6.0
Testing	MEPCOM and SSS	10.0
Counselling a/	U.S. Office of Education	425.0
Public Service Jobs	CETA	1,400.0
Educ./Trng. Grants	Various	325.0
TOTAL ADDITIONAL BUDGET		2,166.0

Broad-Based Voluntary National Service

This option would require a net increase to the federal budget of approximately $12 billion annually (see Table 24). By far the largest component of this $12 billion is payment at the minimum wage ($2.65 an hour in 1978) for 1.6 million public service years of employment. Salaries would account for at least 90 percent of the costs of these jobs. Salary costs would rise dramatically over the next few years under present minimum wage legislation, which will raise the hourly rate 26 percent (to $3.35 an hour) between 1978 and 1981. Thus, the cost of maintaining the same number of public service jobs could cost $2.3 billion more by 1981 due to minimum wage increases alone.

There are other costs not shown in Table 24, such as those required to staff a National Service organization and to promote National Service opportunties. These costs could possibly be offset by savings in the military recruiting and training budgets if the large domestic programs have few harmful competitive effects on the military.

TABLE 24. ANNUAL DIRECT BUDGET COST OF THE BROAD-BASED VOLUNTARY NATIONAL SERVICE OPTION: DOLLARS IN MILLIONS BEYOND CURRENT EXPENDITURES

Major Component	Possible Receiving Agency	Cost (Current Dollars)
Registration	Selective Service	6.0
Testing	Civil Service Commission	27.0
Counselling a/	U.S. Office of Education	425.0
Public Service Jobs	CETA & Other Federal Agencies	10,000.0
Educ./Trng. Grants	Various	1,300.0
		11,758.0

a/ Assumes U.S. Office of Education allocated $25,000 annually to each of 17,000 school districts in the nation. See Appendix A for further explanation.

Broad-Based Manadatory National Service

The component programs of the broad-based mandatory National Service option would require an additional annual outlay of approximately $24 billion (see Table 25).

In numbers of participants and costs, this option is twice the size of the broad-based voluntary option. The estimated employment costs include a 20 percent factor for the large administrative costs that may accrue, but the major share of the cost is the salary of 3.5 million youth at the minimum wage.

TABLE 25. ANNUAL DIRECT BUDGET COST OF THE BROAD-BASED MANDATORY NATIONAL SERVICE OPTION: DOLLARS IN MILLIONS BEYOND CURRENT EXPENDITURES

Major Component	Possible Receiving Agency	Cost (Current Dollars)
Registration	Selective Service	6.0
Testing	CSC and Public Health Service	65.0
Counselling	U.S. Office of Education	425.0
Employment	Various	23,000.0
		23,496.0

APPENDIX A. PROCEDURES AND ASSUMPTIONS USED TO ESTIMATE COSTS OF NATIONAL SERVICE OPTIONS

The National Service options discussed in this paper would require increases in the federal budget of between $2 and $23 billion in fiscal year 1978.

Small Targeted...............	$2.2 billion
Broad-Based Voluntary.......	$11.8 billion
Broad-Based Mandatory.......	$23.5 billion

These dollar estimates do not represent the total cost of any one option, but only the additional costs required to enlarge and/or consolidate various programs into a National Service framework. For example, none of the estimates include current defense program costs of $3.7 billion (primarily recruiting and training) that could be folded into a National Service option.

EMPLOYMENT PROGRAM COSTS

For purposes of pricing the voluntary options, it was assumed that the cost per service year of new or expanded programs would be similar to expenditures for present programs. Table A-1 shows the program cost factors and participation levels for the two voluntary options.

For the broad-based mandatory option it was assumed that program costs would be the minimum wage ($2.65 per hour) plus 20 percent for administration. This is equivalent to $6,600 per service year. If both males and females were subject to induction into National Service, the eventual cost if all 4.3 million youth in one age group (for example, age 19) served would be $28 billion. This figure may be considered the upper limit of program costs, since a number of youth would be exempted, especially those with severe medical handicaps.

TABLE A-1. EMPLOYMENT PROGRAM COSTS FOR THE VOLUNTARY NATIONAL SERVICE OPTIONS: FISCAL YEAR 1978

Option	Participant Service Years	Cost per Service Year (Dollars) a/	Total Annual Cost (Dollars in Millions)
Small Targeted	200,000		1,400
Resident	50,000	10,000	500
Nonresident	150,000	6,000	900
Broad-Based	1,600,000		10,000
Resident	100,000	10,000	1,000
Nonresident	1,500,000	6,000	9,000

a/ A figure of $10,000 was chosen for the cost of a Resident Public Service Year, since this figure approximates the cost of a Job Corps Service Year ($9,200) and the first year in service of a military enlistee ($10,500). For a discussion of public service employment costs see: CBO, Budget Options for the Youth Employment Program, Background Paper No. 20, (March 1977), especially Chapter III. For a discussion of military costs see: D.F. Huck and K.D. Midlam, "A Model to Analyze the Cost Impact of First-Term Attrition in the Navy and Marine Corps," in Office of Naval Research, First-Term Enlisted Attrition (June 1977), Vol. I., pp. 328-350.

The approach used in this costing is to display the increase in the federal budget required to support the programs. Since there are approximately 600,000 males and females entering military service and at least another 250,000 already engaged in some form of full-time public service employment (CETA Titles II and VI, and Job Corps), the actual number of additional participants would be no more than 3.5 million. Thus, the budget increase necessary to support employment under a mandatory system would be approximately $23 billion. This figure assumes that the average length of service would be one year, longer than the average six-month stay for Job Corps and other CETA participants.

OTHER COMPONENT COSTS OF NATIONAL SERVICE

Education and Training Grants

These costs are included only in the voluntary options and are estimated to be $6,500 per grant. The grant includes $1,500 to pay youth salaries and other administrative costs to cover a mandatory summer employment obligation, with emphasis on military service in the Individual Ready Reserve. The remaining $5,000 is intended to pay a portion of tuition and room and board costs for those eligible.

The number of grants is an arbitrary figure and if implemented would test whether or not youth will accept such a grant in return for some compensated public service commitment during the summer.

Registration

The Selective Service System currently has the computer equipment to conduct registration. The additional funds of $6 million are intended to cover operating costs and postage to return completed registration forms to the national headquarters. The inclusion of additional funds assumes that "piggy-backing" on other registration systems such as Social Security or state drivers' license records would not prove practical.

The registration funding assumes that only a minimal amount of biographical data would be collected. More complex data collection efforts approaching a national census of youth would require a substantial effort to pre-code or edit the data for accuracy and completeness. This suggests that personal interviewing to obtain such data would be necessary, requiring a very large budget. It is assumed here that such additional data can be collected during counselling sessions.

Testing

Aptitute testing is currently conducted for the military as a joint effort of the Civil Service Commission and the Military Enlistment Processing Command (MEPCOM). The average variable cost for ability testing is about $1 per applicant. The average cost of conducting ability tests using Civil Service testers is about $42 per session. Assuming 20 applicants per session, the cost per applicant is about $2. The $2 figure is the one chosen for costing purposes in this study.

Under each voluntary option, $10 million has been budgeted to test an entire complement of one age group of youth (approximately 4 million) and another $8 million to handle computer services and postage.

The basis for the cost of medical testing is again MEPCOM experience. The estimated variable cost per applicant to conduct a medical exam is $5.70. The majority of MEPCOM's 780,000 medical examinations are for males; the cost of female examinations is estimated to be five times greater due to the complexity of the examination and the presumed need to provide individual rather than group examinations typically given to males. This study assumes that medical examinations will cost $25 per female applicant and $5 per male applicant.

Medical examination on a very large scale may impose severe strains on the health care industry, particularly if physicians are required to conduct the examinations. While there are approximately 300,000 physicians involved in patient care, less than 53,000 are in general practice, with the remainder in surgical, medical, or other specialities. Primary care physicians would be primarily relied upon to conduct the physical examinations.

The voluntary National Service options assume that all youth in one age group would be given ability tests and that only those who elected to participate in a National Service program would be given a physical examination. The relevant cost and participation data are displayed on Table A-2. Thus, the additional budget cost would be $10 million under the small targeted option and $27 million under the broad-based voluntary option.

TABLE A-2. THE COST OF ABILITY TESTING AND MEDICAL EXAMINATION UNDER VOLUNTARY NATIONAL SERVICE OPTIONS: NUMBERS AND DOLLARS IN MILLIONS

	Ability Testing		Medical Examination	
Option	Number	Cost	Number	Cost
Small Targeted Voluntary	3.5	$7.0	0.3	$3.0
Broad-Based Voluntary	3.5	$7.0	2.0	$20.0

Counselling

Estimates of the cost of counselling are based on a California state education study that estimated the cost of operating 145 career centers at $31,000 each. 1/ This Congressional Budget Office study has selected a lower figure of $25,000 for each center on the premise that state and local funds already exist to partially support this activity.

The placement of one career counselling center in each of the 17,000 school districts in the United States would cost $425 million annually.

1/ Thomas Jacobson and others, A Study of Career Centers in the State of California, Pupil Personnel Services, Grossmont Union High School District, La Mesa, California (June 1975), p. 91.